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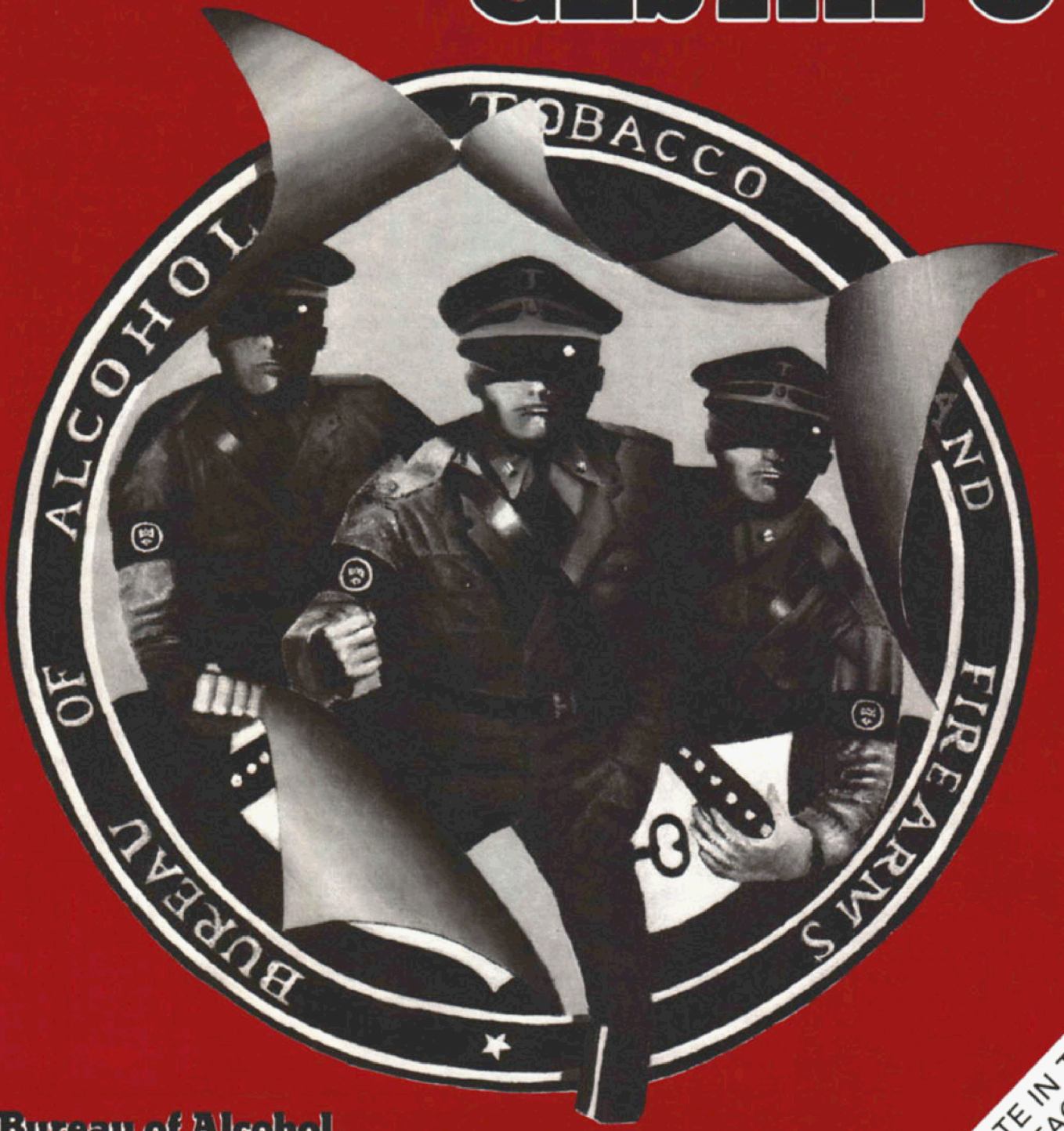

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THE FASTEST GROWING CHURCH IN THE WORLD

by Brother Keith E. L'Hommedieu, D.D.

It's quite safe to say that of all the organized religious sects on the current scene, one church in particular stands above all in its unique approach to religion. The Universal Life Church is the only organized church in the world with no traditional religious doctrine. In the words of Kirby J. Hensley, founder, "The ULC only believes in what is right, and that all people have the right to determine what beliefs are right for them, as long as they do not interfere with the rights of others."

Reverend Hensley is the leader of the worldwide Universal Life Church with a membership now exceeding 7 million ordained ministers of all religious beliefs. Reverend Hensley started the church in his garage by ordaining ministers by mail. During the 1960's, he traveled all across the country appearing at college rallies held in his honor where he would perform mass ordinations of thousands of people at a time. These new ministers were then exempt from being inducted into the armed forces during the undeclared Vietnam war.

In 1966 Reverend Hensley was fighting the establishment on another front. The IRS tried to claim the ULC wasn't a legal church and proceeded to impound the ten thousand dollars in the church bank account. The feisty Hensley filed suit against the IRS in federal district court for return of the funds and to permanently establish the ULC as a legal tax exempt entity. On March 1, 1974 Judge James F. Battin ruled against the IRS in his decision which stated, "Neither this court or any branch of this government will consider the merits or failacies of a religion. Nor will the court praise or condemn a religion. Were the court to do so, it would impinge upon the guarantees of the First Amendment." The judge then ordered the IRS to return the impounded money and to grant the Universal Life Church its tax exempt status.

Reverend Hensley has stated that he believes a church is people and not just a fancy building. He also believes in total freedom and equality for all people. The ULC will ordain anyone without regard to religious beliefs, race, nationality, sex or age.

The ULC's success formula is both effective and unquestionably legal. After a person has become an ordained minister, he or she can join with two other people and form their own Universal Life Church. These three people then make up the Board of Directors consisting of a Pastor, a Secretary and a Treasurer. The ULC will then grant the group the use of its legal church charter complete with both federal and state tax exempt numbers. The newly formed church may then open a bank account in the church's name. Any member of the church can legally donate up to 50% of his or her outside income to the church and take a corresponding tax deduction. The church in turn can pay the complete housing cost of its minister including rent or mortgage payment, insurance, taxes, furnishings and repairs. The church can also provide the minister with full use of an automobile as well as pay for travel and educational expenses. None of these expenses are reported as income to the IRS. Recently a whole town in Hardenburg, New York became Universal Life ministers and turned their homes into religious retreats and monasteries thereby relieving themselves of property taxes, at least until the state tries to figure out what to do.

Brother L'Hommedieu is Chairman of the Board of Trustees of the Sacerdotal Order of the Universal Life and serves on the Board of Directors of the International Universal Life Church, Inc.

Churches enjoy certain other tax benefits over the common man on the street. For instance, a church can legally buy and sell real estate or stocks and bonds completely tax free. It can receive tax free income from bank deposits or mortgages. Many churches own large publishing, recording, or other related businesses like hospitals, clinics and schools without paying any income tax.

A church can sponsor any kind of fund raising event such as a concert, play or even bingo. Churches are also exempt from paying inheritance taxes. When the pastor of the church dies, the Board of Directors simply appoints a new pastor and the church goes on.

Reverend Hensley has stated that he personally doesn't believe in the tax exempt status of churches. However, if the government is going to give a free ride to Billy Graham and the Pope, then why not let everybody participate in these blessings. Furthermore, he backs his words up by offering to defend in court the tax exempt status of his congregations.

Since the church was founded in 1962, it has attracted members who are movie and TV personalities, businessmen, government officials, lawyers, and doctors as well as all types of regular working people. During the last 15 years the Universal Life church has blossomed into a full blown grass roots populace movement. Reverend Hensley is ordaining ten thousand new ministers a week and predicts that the church will have over 20,000,000 members by the early 1980's. In addition, requests for interviews and TV appearances continue to pour in.

Anyone who is a member of the ULC will tell you that the ULC is destined to change the world. By unifying mankind into a brotherhood of freedom orientated individuals, each respecting the other's right to live life as they see fit, the Universal Life Church hopes to put an end to all wars. Reverend Hensley admits that this is a pretty monumental task to accomplish, but he also points out that he is already well on the way to reaching his goal.

Rev. Hensley invites all those interested in becoming an ordained minister and receiving complete information and Minister's Credentials, to send a 10^{00} tax deductible donation to the Universal Life Church, 1335 Seabright Ave., Dept. **804**, Santa Cruz, CA 95060

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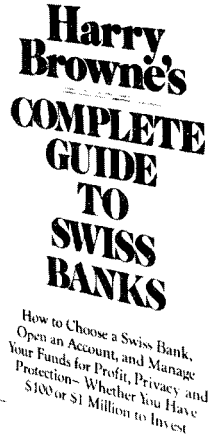
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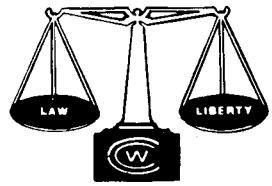

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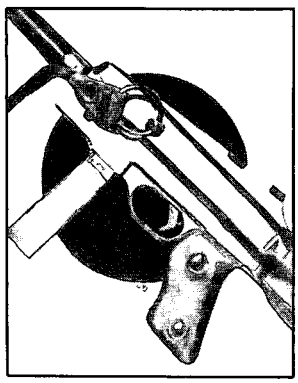

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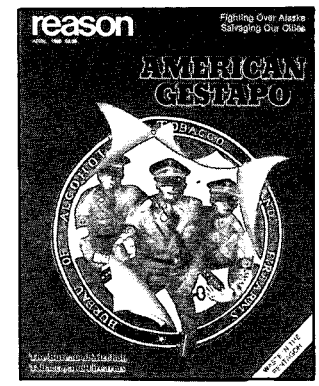

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AMERICAN GESTAPO
Paramilitary-style raids, seizure of property, the use of undercover agents provocateurs—*it's all part of one federal agency's war on "crime in the streets." Except that these weapons are in fact being used against law-abiding citizens.*
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BACK ISSUES: Write for back issue list for current prices. Volumes 1-4 are available on microfilm from University of Southern California Library Micrographics Dept., University Park, Los Angeles, CA 90007. Volumes 5 and up are available from Xerox University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Indexed in *Historical Abstracts* and *America: History and Life.*

editor's notes

• **MOON TREATY UPDATE.** The UN General Assembly unanimously approved the infamous Moon Treaty in December, opening the way for signatures by member governments. The next move, therefore, is up to the Carter administration, which has ordered an interagency review before deciding whether to present the treaty to the Senate for ratification. Letters to President Carter (perhaps enclosing a copy of our January editorial) would be "very helpful," according to a State Department source. Carolyn Henson of the L-5 Society estimates that there's a "90 percent chance of beating the treaty."

• **SOCIALIST ANECDOTES.** One of our contributors, Christie Davies, has been asked by England's Adam Smith Institute to edit a book of stories and anecdotes which "expose the nature of socialist regimes and economies, and yet which offer the reader some amusement about the absurdity of it all, as well as political enlightenment." Contributors of anecdotes will be acknowledged in the book (unless requesting anonymity). Send your stories to Christie Davies, Department of Sociology, University of Reading, Whiteknights, Reading, England RG6 2AA.

• **FORESIGHT.** In an article in the April 22, 1968, issue of *Barron's* Senior Editor Tibor Machan told of his encounter with the Federal Communications Commission on the question of placing counter ads on TV where products of a controversial nature are concerned. In 1967 the FCC had ruled, in response to the urgings of John Banzhaf III, that broadcasters must give time to anti-smoking advertisers, because cigarette ads are of a controversial nature. Machan, then a graduate student at UC Santa Barbara, decided to test the ruling and approached KEYT, Santa Barbara's ABC-TV network outlet, to ask for time to reply to advertisements by the Treasury Department for US savings bonds. Machan maintained that these advertisements were of a highly controversial nature since (1) the bonds were a bad investment, (2) the money from them helped support the war effort in Vietnam, and (3) the ads were run at the expense of the US taxpayer. KEYT promptly dismissed the request. Machan took the request to the FCC, was again turned down, then took it to the FCC's appeal board, which again turned him down.

Some 10 years later, on December 24, 1979, the *Los Angeles Times* reported that the Federal Trade Commission "is examining a complaint that the Treasury Department engaged in deceptive and unfair advertising regarding the sale of savings bonds." This time, apropos burgeoning interest-group politics, the complaint was not launched by an individual but by a coalition of interest groups, namely, the Gray Panthers and the Mexican American Political Association. The groups aren't simply concerned with past misdeeds by the Treasury Department. As *The Times* notes, "they want the Treasury to point out that the so-called energy bonds, which will be issued starting in January at 7% interest, are really just savings bonds under another name since the proceeds will go for general revenue purposes."

Adding to the clamor about savings bonds is a US congressman, Rep. Ron Paul. In a recent Washington Report, Paul had this to say: "US savings bonds are mostly sold to working people who can ill-afford to lose any of their hard-earned dollars. Savings bonds are nothing less than a Treasury confidence game, and selling them to Americans is a crime."

• **REASON ESSAYS.** The first three of the Reason Foundation's new series of reprints are now available, at $2.00 per copy. Included are *Rationality versus Dehumanization,* by Prof. Edward A. Hacker of Northeastern University, Boston; *Natural Law: Some Considerations,* by Prof. Bruce Goldberg of the University of Maryland, College Park; and *Libertarians versus Egalitarians,* by Prof. Antony Flew of the University of Reading, England. The essays were published previously but were not widely available. In the Reason Essays series they are reprinted as attractive, independent pamphlets with an introduction by Tibor R. Machan, the Foundation's educational programs director. To order, write to the Reason Foundation and enclose check or money order (California residents add 6% sales tax).

—R. P.

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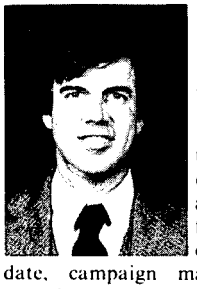
WHO IS MICHAEL EMERLING?



Libertarian activist. Libertarian writer. Libertarian motivator. All these terms describe Michael Emerling.

Michael possesses a truly awesome amount of political knowledge and experience, gained from involvement in 36 campaigns--as candidate, campaign manager and political consultant.

He founded the Tucson Libertarian Supper Club, worked with the MacBride for President campaign, and served as advisor to 12 Libertarian campaigns in Arizona, Nevada and California.

When he ran as Libertarian candidate for Congress against Arizona's Morris Udall, Michael received 5,000 votes on a bare-bones budget of $1,000.

As speechwriter and ghostwriter for 26 political candidates, Michael has written 109 articles and speeches. His provocative essays

in libertarian movement publications ("How to Get Converts Left and Right" in *Reason* and "The Late Great, Libertarian Macho Flash" in *Frontlines*) have stirred a storm of controversy and become underground best-sellers.

Currently, Michael is working on his forthcoming book, *The Art of Political Persuasion.*

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Roger MacBride, 1976 Libertarian Party presidential candidate

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War for Oil?

editorial

Calling the Soviet invasion of Afghanistan "the most serious threat" to the United States since World War II, President Carter has brought the nation dangerously close to war. He has ordered reinstatement of draft registration (for both sexes), announced plans for new military bases in Oman and Somalia, and promised to send US troops into Pakistan, Iran, or Saudi Arabia, should any of them face a Soviet invasion.

The new Carter militarism poses major threats to the lives and liberties of Americans. To begin with, Carter has revived the obscene concept of the military draft—the idea that the lives of young people belong to the State, to be comandeered at will to carry out its leaders' foreign policy dictates.

He has also increased the risk of nuclear war. A two-year old Defense Department study, "Capabilities in the Persian Gulf," found that, with limited ability to move large quantities of troops and equipment into the area, the United States "might have to threaten or make use of tactical nuclear weapons" in order to prevail.

Nor are those the only dangers. Already, little-noticed in the hostage seizure crisis, Carter has invoked a state of national emergency in order to freeze Iranian bank accounts. Under that authority, he could close the banks, comandeer the airwaves, order military production to take precedence over civilian, etc. The Department of Energy has published its standby gasoline plan, calling for a compulsory four-day work week, a once-a-week driving ban, and other interferences with people's basic freedom of movement. Attempting to go Carter one better, Edward Kennedy now calls for immediate gasoline rationing and full-scale wage and price controls.

Seven months ago on this page I wrote, "If 'war is the health of the State,' the 'moral equivalent of war' seems to be a pretty good substitute" for increasing government power. Apparently it was *not* good enough. Carter now seems determined to give us the real thing.

And, tragically, Americans are being flim-flammed into going along. An AP/NBC poll after the State of the Union address found 64 percent agreement with the idea of sending US troops to repel a Soviet invasion of the Persian Gulf. Americans are naturally concerned about threats to their energy supplies; energy is vital to operate our factories, ship our goods, grow our food, heat our homes, and power our vehicles. So it may be understandable that many people are so quick to back military action to prevent the loss of oil imports.

But why do we import 50 percent of our oil? As recently as 1971 the figure was only 15 percent. But in that year Richard Nixon gave us wage and price controls. Several disastrous years later, controls were removed—from everything but oil. In response to OPEC, the government kept controls on *domestic* oil prices and set up a huge energy bureaucracy—DOE.

What DOE has given us is an "entitlements" program that subsidizes oil imports, price controls that reduce incentives for finding and producing domestic oil, and ever-shifting directives on which fuels should be produced and used. The Interior Department, meanwhile, has locked up vast reserves of coal in Alaska and the West, preventing any significant substitution for oil. And the administration's vacillation on nuclear power has delayed that source, too, as a substitute for oil.

In short, it couldn't have been smoother if it has been planned that way. A decade of government control over US energy production and use has locked us into ever-increasing dependence on imported oil. That is the reality, regardless of the rhetoric out of Washington.

Thus, the most important step toward avoiding war—and all the assaults on our freedom that go with it—is to remove the underlying excuse for it: our extreme dependence on oil imports. And as we've made clear many times in these pages, that can most readily be done by massive, *immediate* decontrol of all energy pricing and the opening of federal lands to large-scale exploration and production. That, combined with abandonment of the nonsensical "windfall profits" tax, will enable us to produce our way back to energy self-sufficiency.

As for our foreign policy, the wisest course would be to avoid any commitment of American forces to the Persian Gulf or Southwest Asia. It is the wealthy OPEC countries that are being threatened, after all. A promising unity is developing among the Islamic governments, 35 of which—including even Libya and the PLO—unanimously called for withdrawal of Soviet troops from Afghanistan and set up a mechanism to channel aid to the Afghan rebels. Iran's Khomeini has pledged aid for the rebels, as well. If the oil-rich Saudis and Iranians won't come up with the money and manpower to defend the Persian Gulf, why on earth should American taxpayers?

The Soviet Union is increasingly being recognized as the international outlaw that it is. A 104-18 UN General Assembly vote; the 40 to 50 governments in favor of an Olympics boycott; the Islamic conference declaration; recent Soviet expulsions from Somalia, Guinea, and Equatorial Guinea; and the militant anti-Sovietism of former allies Egypt and China represent a fundamentally new phase in international affairs. The US government should not rush headlong into battle against this foe when those actually threatened are increasingly facing the need to provide for their own defense. Based on past history, they can hardly do worse than "we" would, anyway.

Americans must not be stampeded into war—whether hot or cold—over our government-imposed dependence on imported oil. We must insist, instead, on a crash program to end that dependence, by ending the controls and bureaucracy that created it.

Robert Poole, Jr.

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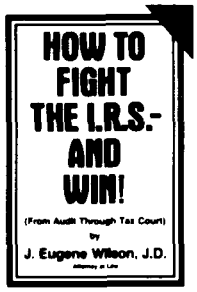

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A Watery Solution?

Mr. Blumenfeld [Jan.] correctly points out the major problem with gasohol when he says that "too much water in the blend might cause separation." Unfortunately, he does not say how much "too much" is.

According to Professor Lester C. Lichty's McGraw-Hill book "Internal Combustion Engines" (first edition, pp. 158-59) "Methyl alcohol is not miscible with gasoline, and ethyl alcohol is miscible only to a degree." Lichty goes on to show an equation and some curves covering water tolerances. Before readers jump to make themselves a still, they might take note of what the quantitative values really are. The amount of water to cause separation in an ethyl alcohol-gasoline mixture of 10 percent alcohol decreases markedly with temperature. At 0°F it is only 0.18 percent by volume, rising to 0.39 percent at 80°F, according to Lichty's curves. What this means is that in a 20-gallon tank, just 0.6 ounces of water will cause separation problems at the low temperature.

If anyone has had occasion to try to run on a tank nearly empty, he will know that there is quite a bit of water there. It comes from not only what Mr. Blumenfeld calls "careless storage" but also from leaks in gas station tanks, delivery tankers, and in the automobile tanks themselves. How do you fill a tank in a pouring, windy rainstorm without some water creeping in?

Lichty was coauthor of two original papers on gasoline-alcohol mixes in *Industrial Engineering and Chemistry* in 1936 and 1938. His works are authoritative texts in the field.

I tend to think that a greater emphasis on nuclear power will free up more precious petroleum now being burned to make electricity than will be saved by a shift to gasohol.

R. W. Johnson, P.E.
Ben Lomond, CA

Mr. Blumenfeld replies: By now millions of drivers in Brazil and the United States have used gasohol for the last two to five years, and there have been no reports of any problems due to excess water entering the fuel tanks and causing the alcohol to separate from the gasoline. I spoke with one New England distributor whose string of service stations has sold gasohol to thousands of users for the last six months. He's gotten only one complaint—from the owner of a "clinker" with a very messy fuel tank. Apparently, if distributors and car owners take the normal precautions in keeping water out of fuel tanks, there will be no problem.

Gasohol "Subsidies"

I was surprised to see an article in REASON pushing gasohol so strongly. In the world of free-enterprise economics, gasohol cannot yet compete with petroleum-derived gasoline without the very large subsidies it is receiving in the form of tax exemptions. These subsidies include 40 cents/gallon from the federal government, plus even larger incentives from many state governments. Incremental gasoline produced from ethanol costs $1.50-$2.25/gallon (wholesale, ex taxes). The comparable price for petroleum-based gasoline is about 75 cents/gallon.

H. F. Leiendecker
Summit, NJ

The editor replies: There is a difference in principle between a tax exemption and a subsidy; while the latter involves a grant of other people's money, the former merely leaves the money with its rightful owner. As long ago as May 1975 REASON was suggesting exemption from taxation of all new forms of energy as both a spur to new solutions and as a step toward a world in which the legalized theft of taxation was ended for all goods and services. Radical tax reduction has to begin somewhere, and it might as well start in an area which helps solve a major current problem.

Solar Half-Truths?

Hurray for "Gasohol: The 10% Solution" [Jan.], the first unbiased alternative energy article that I have seen in REASON. Too bad you had to follow it in this same issue with "Solar Myths And Solar Facts" by R. W. Johnson, which masquerades as an objective evaluation but is actually a typical anti-solar hatchet job. Since I don't have space to reply to all of Johnson's errors, I will just mention these items:

1. It's common knowledge that the economics of solar space heating are quite favorable, especially in new construction and passive designs. Conversely, solar electricity from photo-voltaic cells is presently high-priced, suitable only for limited applications. So the usual approach for discrediting solar is just the format Johnson follows here: Pass over solar space heating in a couple sentences, then dwell on solar electricity for many columns. It's a cheap shot.

2. The advantage of any independent home energy system is that it's a way to buy tomorrow's energy at today's prices and to guarantee your energy supply, which liberates you from any concern about what government interference is going to do to the price or supply of energy in the future. It may be worth paying a little extra for this peace of mind, so that even solar systems not fully cost-competitive may be desirable.

3. Johnson chooses the worst possible numbers when comparing solar to fuel-burning water heating systems. Sure it's possible to spend $3,500 on a solar water heater, just as it's possible to spend $200,000 on a car, but reliable systems are available for less. Here are some of the author's questionable numbers:

a. His $3,500 price is for a system that would supply 100 percent of the hot water needed, but most real systems supply only 80 percent or less to avoid diminishing returns.

b. He uses an electricity price of 5 cents/KWH. Does anyone still pay only 5 cents? I now pay 10 cents, and there are places where people pay much more.

c. He assumes a typical 26,000 BTU/day heat loss from the back-up water heater. But any solar buyer would add insulation which would cut that loss below the "typical" level.

d. He arbitrarily assumes a short 10-year life with no data to support that assumption.

e. He assumes future energy price increases will be only 10 percent/year, but my electric rate has risen 16 percent/year (compounded) for the last 3 years.

4. Johnson says that "the cost of construction, maintenance, and *decommissioning* is factored into the energy cost in a power plant." False! Decommissioning a nuclear power plant is *not* factored into the nuclear electricity rates, which is one of the ways they make nuclear electricity look cheaper than it really is. The mono-

poly utilities assume the government is going to cover the cost of decommissioning out of tax dollars.

5. Johnson implies that solar energy is being promoted by the government and that Schlesinger was fired because he wouldn't go along. This picture of a pro-solar president firing an energy-realist Schlesinger is pure fantasy. Schlesinger's firing had nothing to do with solar energy. And if you want to see what the government really supports, ignore empty political rhetoric and look instead at what our tax dollars are spent on. Nuclear power and fossil fuels (Exxon et al.) have always received the lion's share of federal energy subsidies and still do. It's billions for nukes, and a few miserly millions for solar, and even that money is cleverly used mostly to impede solar development.

6. Johnson discusses a photo-voltaic system that would provide 32 KWH per average day, and then he mentions a 45 KWH/day lifestyle. This is incredibly high. I use only 2 or 3 KWH/day. An average family uses more like 5 to 10. Look at your own electric bills.

7. It's true that solar-cell electricity now costs about $10/watt. But this price has come down from over $100/watt just a few years ago. Will solar electricity decline in price by another factor of 10 in the next few years? I don't know, but clearly nuclear and oil-fired electricity can only go higher.

8. The "capacity displacement" that Johnson worries about is a non-problem for the primary application of solar: space and water heating. A stored fuel such as firewood, coal, oil, etc., can provide back-up heat when the sun doesn't shine. Utility capacity is not needed at all.

9. I see that Johnson doesn't mention wind or small hydroelectric systems, which are the kind of independent electrical systems people really build. Perhaps it was too hard to find numbers to make those systems look bad. But he does mention horses, a red herring if I ever saw one. Forget horses. Alcohol fuels made from biomass or coal are the best alternative vehicle fuels.

10. There is one point on which I agree with Johnson completely. He says: "Consumers are, at best, hearing half-truths about the prospects for solar energy." His own article is a good example of these misleading half-truths.

Jim Stumm
Kenmore, NY

Mr. Johnson replies: 1. What may be "common knowledge" to Mr. Stumm is certainly not to me. I have inspected dozens of solar home designs with their

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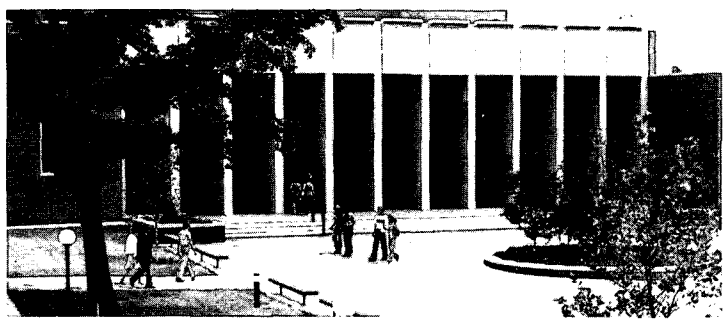

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massive concrete and water-tank heat sinks, electrically-controlled shutters, overhanging eaves, and I have yet to see one that, when built by licensed contractors (rather than homeowners themselves, who don't pay union wages, fringe benefits, and government records costs), is really "economic" when considering the cost of capital. Indeed, such designs cost as much as $10,000 to $20,000 more and still have to have the back-up heating systems when the sun doesn't shine. This isn't a very cheap shot!

2. Regarding Mr. Stumm's peace of mind—as I said in the article, "If one is concerned about the *availability* of an alternate energy source, the often higher cost of solar might be justified."

3.a. The $3,500 price includes the back-up conventional system that building codes (in California, at least) require, estimated at $350. Both are *installed* costs.

b. Average home electricity cost in the Pacific Gas & Electric Company area *is* very close to 5 cents per KWH. My own most recent (January 1980) bill was $41.96 for 1,036 KWH, which is $0.0405/KWH. Mr. Stumm's cost may well be higher, and if it is, it is probably because of a heavier dependence on oil versus hydro and nuclear.

c. The 26,000 BTU/day loss was from American Gas Association figures. Insulation might cut that portion due to conduction, but it won't do anything about the stack loss in a gas system.

d. I submit that there is more justification for a 10-year life cycle than there is for 20. What data can Mr. Stumm offer to justify 20 years? A lot depends on how hard the water is. But in any event, my figures are for illustration, not proof.

e. My assumption of 10 percent per year energy increase did not, obviously, include oil. But not many people heat domestic water with fuel oil or with coal. With propane and natural gas, the 10 percent figure is as good a projection as any.

4. A. D. Rossin and T. A. Rieck of Commonwealth Edison, in their article "Economics of Nuclear Power" (*Science,* Aug. 1978), explain that the cost of decommissioning a nuclear plant—between $20 million and $40 million 30 or 40 years after start-up—translates into a cost of about .01 cents/KWH, and substantially less than this after present value discounting. Commonwealth Edison provides for these costs through depreciation provisions, which are charged to expense and accumulated in the depreciation reserve over the useful life of the facility.

5. Mr. Stumm complains that solar receives only "a few miserly millions." The FY '80 DOE budget is $589 million for solar, not counting the supplementals as a result of President Carter's latest efforts. That doesn't sound miserly to me. But my point is that the feds don't belong in the energy business in the first place.

6. I agree that 45 KWH/day is high, but not for people who would be able to easily afford the high solar electric investment.

7. Oil-fired electricity will certainly continue to go higher as long as we maintain the present course of importing over half our oil. But with just a few changes in the system (and especially with the *laissez-faire* approach I advocate) nuclear electricity cost will come *down.*

8. Mr. Stumm is "right on" when he refers to the primary application of solar as space and water heating. It is indeed—in places where there is enough sunshine. But that is a separate problem from electric power.

9. Mr. Stumm might do his homework on wind power and read Petr Beckmann's booklet, "Why 'Soft' Technology Will Not Be America's Energy Salvation." Wind and waves are even more dilute than solar. As for alcohol fuels being the "best alternative" vehicle fuel, I must disagree with Mr. Stumm once again. I happen to think that for the long term, liquid hydrogen made from electrolysis of sea water by inexpensive, abundant nuclear power from fusion or breeder reactors offers the best solution to vehicle fuels 20 and 30 years from now. I run my own car on propane at comparable pressures and find numerous advantages to using liquified gaseous fuels.

10. Half-truths (or full lies) notwithstanding, I challenge any of the solarists to prove in definite, engineering terms how we can possibly furnish 43 quads of electric power in 20 years using solar energy.

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Net Energy Not a Loss

I was glad to learn that technological advances are reducing the amount of energy needed to produce alcohol (*Alcohol and "Energy Balance,"* Jan. 1980). However, I take issue with the claim that the net-energy concept is fallacious. It is true that alcohol will be competitive whenever its production costs are less than its market-determined price, but, in the absence of some energy source cheaper than alcohol, a negative net-energy balance would cause costs to exceed market price.

To illustrate this, examine the hypothetical case where alcohol is our only energy source. If energy in the form of

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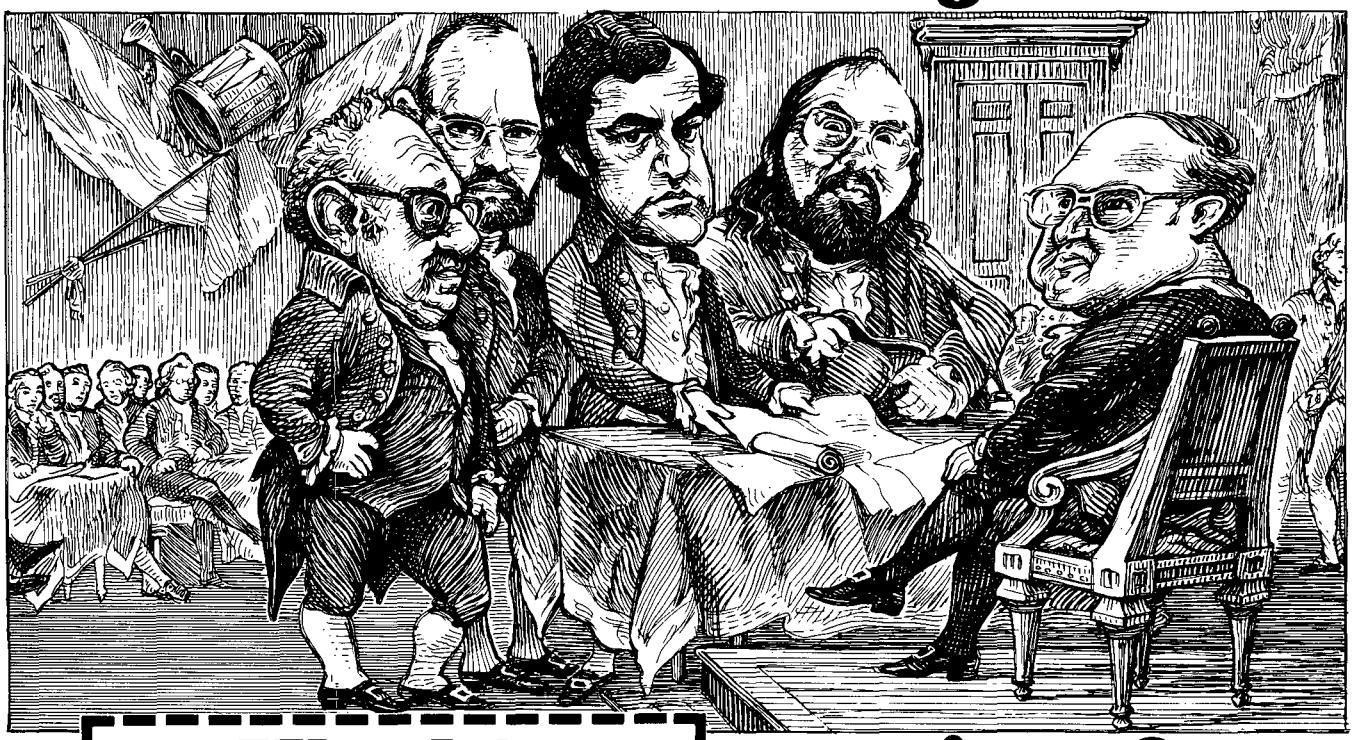

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1.1 gallons of alcohol were needed to produce one gallon of alcohol, no possible market price could make production profitable, since cost would necessarily exceed price.

In the case where there is a cheaper energy source used in alcohol production (such as, say, nuclear or hydroelectric power), alcohol may be competitively priced despite a negative net-energy balance. But in this case, alcohol is not a solution to the energy problem, but rather a convenient means of storing and using the energy from this cheaper source.

It is almost certain that advances in technology will make (or may already have made) alcohol a viable energy source. But until this is demonstrated, the net-energy argument remains relevant. Furthermore, the net-energy concept is in full accord with the free-market pricing mechanism; it is not "a modern-day analogue of the labor theory of value."

Richard A. Ashby
Chicago, IL

Mr. Poole replies: The relevance of "net energy" depends on what one is trying to accomplish. Certainly if one is trying to minimize the total use of energy in a process, analysis of net energy is quite relevant. Many of its advocates, however, want us to make economic and political decisions based on net energy—i.e., to prohibit or at least discourage any process which does not involve positive net energy. It is this which is fallacious and analogous to the labor theory of value. As Mr. Ashby points out, it may well be *cheaper* to produce alcohol using methods that take more energy than can be obtained from burning the alcohol as fuel. What the market is thereby telling us is that it makes sense to do so. (Of course, if there is a political goal of reducing petroleum consumption, it would be inconsistent to use petroleum-based energy to distill alcohol unless there were positive net energy. But it would still make perfectly good sense to use nuclear, solar, or hydroelectric energy to accomplish this goal, independent of the sign of the energy balance.)

Thou Shalt Not Meddle

Congratulations on your January number. In particular, let me comment on the Energy Question. This would never have arisen had government never been a part of it. I was born in 1901. In 1923, Dr. George Ashley, State Geologist of Pennsylvania, gave a talk at Lehigh University, in which he said that the oil and gas of our country would begin to taper off in 25 years. In succeeding years, I received the reports of the Bureau of Mines, telling what they were doing about the gasification of coal and recovery of oil from shale.

I submit that, had the free market alone been operating, gas made from coal and oil shale would now be available in abundance all over our country and we wouldn't have to import one gallon of oil. In the years 1918-23, Betholine was available all through the Bethlehem, Pennsylvania, area. Many people preferred it to regular gasoline, even though the price, as I recall, might have been a couple of cents higher. It was made by Bethlehem Steel Co. as a byproduct of their coke ovens!

As I said, the cities of Gloversville, Johnstown, and even our little village of Northville, could have been fueled by natural gas or gas made from coal or oil shale. We could have our own little power plant generating electricity for our homes and delivered by low-voltage underground lines, safe from ice storms. As a lifetime engineer, I believe it is much cheaper to transmit energy by pipeline than by coal car or high-voltage electric line. As several of the authors said, what the energy industry needs more than anything else is the free market and decentralization.

And that is what our country needs in every phase of economic or social endeavor. Nothing would restore America so much as a constitutional amendment which said: "Government shall not meddle in economic or social affairs."

John E. Erb
Northville, NY

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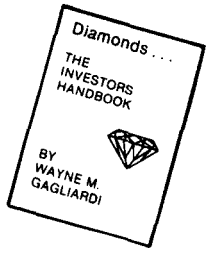

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Hospers Hailed

Motion picture reviewers/critics have for a very long time given me a pain in the reasoning facilities. If I were to express herewith the time I have given over to reading such pretentious claptrap I would indicate to your readers that I have "X"-rated common sense.

The above preface is necessary, as I wish to let you know with how much pleasure I therefore read REASON motion picture reviews by John Hospers. He writes a review/critique as it should be written. I appreciate that the story of the motion picture is reviewed in the context that we are going to see a form of entertainment and that it is not expected that every motion picture produced is or should be the ultimate work of art. Because of his reviews I have seen and enjoyed more motion pictures than I had thought were being produced.

And, while I am on the subject of reviews and critics let me also say that, like good wine, REASON improves with age.

Robert Churl
Goleta, CA

Taxachusetts Lives On

In Trends [Jan.], you state that Massachusetts has joined the tax revolt, citing as evidence reductions in property tax rates in a majority of towns. While it is true that the majority of rates did decline (and that for the first time since 1944!), our present happy circumstance owes to a 1979 statute holding spending to a 4 percent/year increase, but only for two years. The Massachusetts Teachers Association (67,000 members strong) cannot abide even such a mild and temporary spending restraint and has filed a bill to repeal the "4 percent cap" in 1980. All of this indicates that statutory measures are often too fragile in the fight to control taxes and spending. That is why only Proposition 2½, a proposed state constitutional amendment to control both state and local revenues of all types must be approved. Only then will Taxachusetts really have joined the tax revolt as a member in full standing.

Donald L. Cassidy
Boston, MA

Orwellian Ad

The Cato Institute "Founding Fathers" ad in your February issue is presumptuous beyond belief. What egomania!

Even assuming that the pioneers of today's libertarian movement can rightfully be compared to men like Washington and Jefferson, the five individuals shown in the ad are hardly those that any unbiased individual would pick as the "Founding Fathers." Rothbard, certainly. Childs and Liggio, conceivably. Kirzner and Ravenal, hardly.

This ad is just the latest example of the Cato group's continuing attempt to rewrite history and claim for themselves the recognition that rightfully belongs to others. If there *are* any living libertarians who deserve the "Founding Fathers" designation, they would have to be men like Don Ernsberger and Dave Walter of SIL; Dave Nolan, John Hospers, and Roger MacBride of the LP; Bob Poole and Tibor Machan of REASON. But the Catoites seem determined to prove the Orwellian maxim that "he who controls the present defines the past"....

John W. Harding
Washington, DC

Courtly Perversions

Don Franzen's article, "American Inquisition" [Jan.], points up a problem libertarians face: the need to mount a ferocious frontal attack on the Supreme Court's perversions of the Constitution. Doesn't anyone realize that without its reversals of constitutional protections over the last several decades, we would not have had our massive present government? No president or Congress could destroy us and enslave us without the Court's first having made it "legal," pre-

(Continued on p. 55.)

THE WARMONGERS

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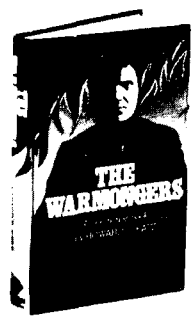

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☐ **And now the nostalgia craze** has even caught hold of the esteemed US Department of Labor. In an action more contemptuous of the First Amendment than anything seen in 25 years, federal agents investigating discrimination charges at the UC Berkeley Law School carried out covert operations in several classrooms to discover that the material being taught was "offensive," that criminal law courses contained "too much talk of violence," and that a particular research project was "too conservative." The secret missions were headed by government spy James Chin of the DOL's Office of Federal Contract Compliance, who patriotically offered that "anything that would be discouraging or displeasing to minority students would be within its jurisdiction to observe and correct." (In a supreme irony, the government antidiscrimination policeperson objected to the excessive "talk of violence" in criminal law discussions on the grounds that the female students could not stomach the blood and guts.)

When the undercover operation was discovered, Associate Dean Phillip Johnson exclaimed: "There is a totalitarian mentality at work here. There is a point of view that these federal agencies exist to advance a cause—and that values that stand in the way of that cause just have to give way." And the top dog, Dean Sanford H. Kalish, was even juicier: "Sen. Joseph McCarthy in the '50s sent his representatives to monitor how far teachers were teaching subversion and un-Americanism. Today another governmental representative sits in as part of an investigation to see how far teachers are guilty of racism or sexism in what they say or in their approach."

☐ **Sen. Bob Dole,** the Senate's leading food-stamp champion and articulate Republican spokesman on the evils of Democratic spending programs, is having a few problems . . . to put it mildly. By the time the US Postal Service plops this fine issue into your mitts, chances are he won't even be in the GOP race as that well-known asterisk. But he's not taking this sitting down. According to *Newsweek,* "Sen. Robert Dole is growing increasingly ill-tempered over his failure to make a breakthrough in the Republican Presidential race. Dole, a 1980 long shot remembered for his hatchet-man role as Gerald Ford's running mate in 1976, has subjected staffers to epic tongue lashings. As a result, the fiery Kansan leads the field in staff turnover. One former staffer says that Dole once threw a bulky report at him." Unfortunately, that news item was probably the best press the Midwestern farm lobbyist has had during the entire slugfest.

☐ **Politics brought much grief** to Mr. Dole's fellow Republican, Wisconsin's own Douglas Cofrin. The 36-year-old panderer for the Republican nomination for US Senate verified his formidable qualifications by missing his own campaign kick-off. Hoping to skim off a slice of the fame of the legendary Robert LaFollette, candidate Cofrin took a helicopter to the very farm that harvested the late populist rabble-rouser. Or he thought he would. The man who would like to lead the nation had trouble finding his own party and landed a mere two and a half hours post hoc. "By then," AP reports, "several hundred school children and a brass band had gone home after waiting in windy, 7-degree weather." The farm's owner, evidently unappreciative of the subtleties of the democratic process, demanded $1,000 cash "for the use of his farm and the inconvenience caused by the candidate's lateness." As candidates always do *before* the election, Mr. Cofrin paid up.

☐ **In a report that will stun** the Federal Aviation Administration in its simplicity and directness, the Turkish Transportation Ministry has found that the cause of a Turkish Airlines crash that killed 39 was that the plane was "flying too low." And Walter T. White has been sentenced to 24 years in stripes by a Havana "court" for a Cuban flyover wherein he risked his life to air-drop religious tracts in to the Communist playground. The Glendale, California, activist departed, with his pilot, from friendly turf in Florida but was forced to land amongst the heathens in Manzanillo, Cuba. Perhaps off-shore chanting would be safer.

☐ **A Russian economist** enlightens us with an inside glimpse of the classless society: "At the May Day parade in Moscow, Leonid Brezhnev and other Russian officials as usual watched the long parade of Soviet military power—missiles, tanks, armored cars and the like. At the end of the parade there came a little truck, with three middle-aged men sitting in it. Comrade Brezhnev turned to the Defense Minister and asked, 'Who are they?'

"The Defense Minister replied, 'Those are the economists. You would not believe the destructive power they possess.'"

☐ **And, as we go marching,** we might remember Milton Friedman's close encounter with the military kind. Arguing with General Westmoreland on the merits of conscription, the Nobel economist heard his opponent claim, "I don't want to command an army of mercenaries." To which Friedman curiously prodded, "Well, General, would you prefer to command an army of slaves?"

—Thomas Winslow Hazlett

OK, ADVISERS, WHAT GIVES?! BE NICE TO THE THIRD WORLD, YOU SAID—SO THEY BURN OUR EMBASSIES! CANCEL NEW WEAPONS PROGRAMS, YOU SAID—SO THE SOVIETS ARM TO THE TEETH! PURSUE DETENTE, TRUST THE RUSSIANS, YOU SAID—SO THEY RAPE AFGHANISTAN! WELL—SOMEBODY'S GOING TO PAY FOR THESE MISTAKES!!
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It's getting harder and harder to keep track of today's expanding libertarian movement. While the Libertarian Party mounts ambitious campaigns for public office, groups like SIL, SLS, HALT, the Radical Caucus, the Cato Institute, and the Libertarian Foundation carry out educational and activist efforts on behalf of liberty.

FRONTLINES is the only publication that keeps tabs on all this exciting activity. Only FRONTLINES covers the entire libertarian movement: political and nonpolitical, activist and academic, domestic and foreign. Eleven times each year, FRONTLINES readers get the latest libertarian news, while it's still news—such as:

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- Libertarian reaction to events in Iran and Afghanistan
- Harassment of LP voter registration drives
- Libertarian anti-draft and anti-census activities.

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In addition, regular FRONTLINES departments give you Washington bulletins, news of overseas libertarians, background reports on allies, and an up-to-the-minute calendar of conventions, conferences, and supper clubs.

How well does FRONTLINES do its job? Murray Rothbard calls it "fair, objective, and everything that such a newsletter should be." LP founder David F. Nolan sums it up: "If you really want to keep on top of what's happening in the libertarian movement, there's no substitute for FRONTLINES."

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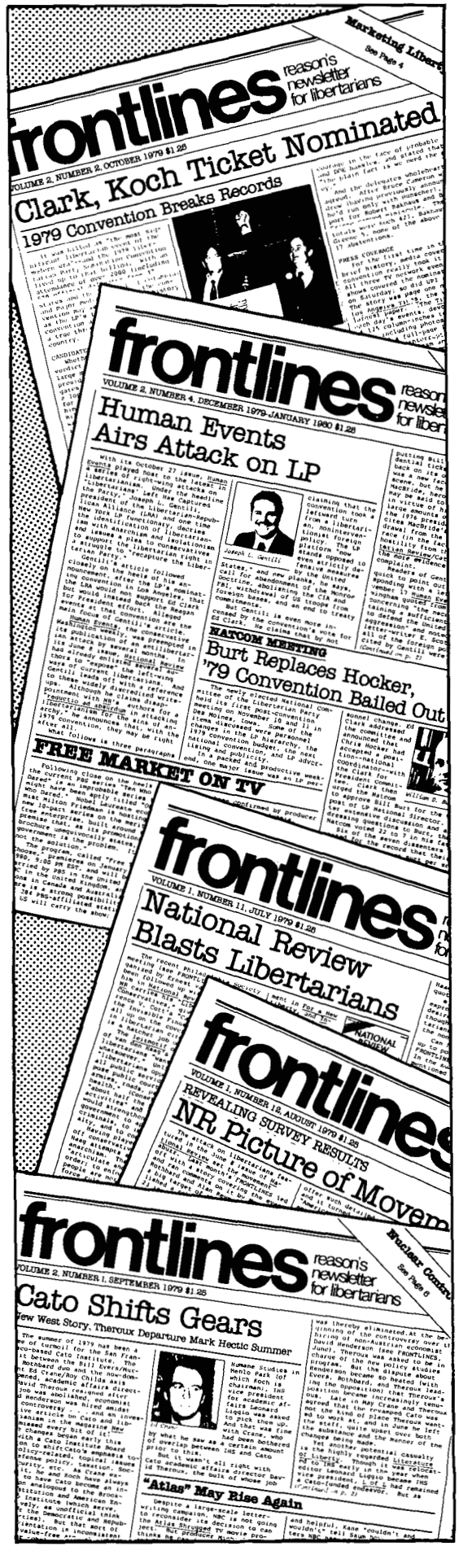

trends

Studies Debunk Energy Roadblocks

True or false:

- Solar power and conservation offer the best hope for reducing energy shortages over the next 30 years.
- The fast breeder reactor is too dangerous to develop, and unneeded, anyway.
- There's too little water in the West to permit development of coal and oil shale there.
- Coal slurry pipelines cannot be built without government intervention to obtain rights-of-way.
- Fossil fuel usage must be curtailed to prevent heating of the earth via the "greenhouse effect."

If you answered "true" to most or all of the above, welcome to the "everything you know is wrong" club. In just the past two months, authoritative information challenging each of these popular ideas has surfaced.

To begin with, a massive four-year National Academy of Sciences study released in January concluded that coal and nuclear power are the only means by which the United States can meet its electricity needs over the next 30 years. And, concluded the Committee on Nuclear and Alternative Energy Systems report, while conservation will be an important factor in easing the near-term crunch, solar is much less promising: "Because of the higher economic costs, solar technologies will probably not contribute much more than five percent to the energy supply in this century unless there is massive government intervention to penalize the use of nonrenewable fuels." And the report went on to warn, "The danger of such intervention lies in the possibility that it may lock us into obsolete and expensive technologies." For the same reason, although the report urged development of synthetic fuels from coal, it opposed crash programs toward that end.

On the breeder reactor, the NAS report concluded that, unless the demand for electricity drops off sharply, breeder reactor development must continue, so that this technology will be available early in the next century. (It opposed the government's very costly project to build a prototype breeder at Clinch River, however, as too much, too soon.) The Carter administration has opposed nuclear fuel reprocessing and plutonium breeder reactors on grounds of the dangers of nuclear proliferation—that is, diversion of some plutonium to bomb making. But a 60-nation study—the International Fuel Cycle Evaluation, originally proposed by Carter—has just concluded that there is no real alternative to the breeder reactor for the long term. Countries with large electrical power needs and no other ready alternative are justified in proceeding with breeders and reprocessing, according to the study report. (Breeders are already in operation in France, Japan, and the USSR and another is under development in West Germany.)

As for continued coal development, three of the major obstacles have been lack of water in the West, the difficulty of building coal slurry pipelines, and fears of the greenhouse effect. A major study of western water resources by the General Accounting Office, released late in January, concluded that western water resources are "ample" for anticipated energy development projects. Earlier pessimistic conclusions resulted from (1) obsolete and incorrect information on water resources, (2) unrealistically high projections of future electricity demand, and (3) greatly exaggerated estimates of the number and size of the energy projects. In particular, said the report, the amount of water consumed by coal slurry pipelines would be *less* than what would be needed to cool mine-mouth power plants.

But can such pipelines be built without State intervention? Until recently, everyone assumed not. That's because railroads (which also haul coal) would refuse to permit competing pipeline firms to cross their trackage. As a result, there has been intense lobbying to get Congress to give coal pipeline companies the power of eminent domain, to condemn land for cross-trackage rights-of-way. Because Congress has thus far resisted, however, one pipeline firm has now found a noncoercive solution.

Energy Transportation Systems, Inc., attempting to build a 1,400-mile pipeline from Wyoming to Arkansas, was refused crossing rights by 9 of the 10 railroads in its path (with 70 separate tracks). ETSI thereupon researched the ownership situation and learned that in most cases the railroads possess only surface *easements* across privately owned land. Contacting the actual owners, ETSI has been able to obtain subsurface easements for its pipeline in nearly every case. The company is confirming the titles via the courts; so far, out of 65 cases it has lost none and has had only one appealed.

Finally, what about that old greenhouse effect—the gradual heating of the earth by increased CO_2 build-up from fossil fuel combustion? According to astronomer Carl Sagan and two colleagues (*Science*, Dec. 21, 1979), the earth is getting *cooler*, not hotter. According to their calculations, the human race has been altering the earth's climate for thousands of years, largely by destroying vegetation (creating deserts and chopping down forests). These changes have increased the earth's albedo (reflectivity), resulting in an estimated temperature *decrease* of between one and two degrees Centigrade over the past several thousand years. Since 1940 the global mean temperature has dropped another 0.2°C.—despite the increase in CO_2 during that period. Extrapolation of present land-use trends (tropical deforestation, desertification) suggests a further 1°C. decline over the next century, "at least partially compensating for the increase...due to the greenhouse effect."

And Now— Private Control Towers

With virtually every other type of government service, from weather forecasting to garbage collection, now being offered in the marketplace, no one should really be surprised by the emergence of yet another form of privatization. Thus far there are 16 privately operated airport control towers around the country—and their numbers are expected to climb in the years ahead.

The market for private towers arises out of Federal Aviation Administration practices. It seems the FAA will only build a tower once an airport reaches an arbitrarily defined (and relatively high) level of air traffic. That leaves many growing airports—including many with airline and business jet service—unprotected for years.

Into the breach have stepped private firms, led by Barton ATC, the industry leader. The company will come in, set up a modular control tower, and staff it with company-trained, FAA-certified controllers, for a fee in the vicinity of $120,000 a year. (If the airport already has a tower in place, the cost of operating it is below

$100,000 a year.) By contrast, an FAA tower costs around a million dollars to install and $275,000 a year to operate. Thus, the private alternative is considerably less expensive—as well as being available to airports the FAA won't serve.

Barton achieves these economies by doing more with less. Its towers consist of prefabricated cabs mounted atop modular home structures; additional modules can be added to accommodate growth. The radios cost one-third as much as FAA equipment—but do the job as capably. The three-person controller complement does its own clerical and secretarial work during slack time, and are also trained as weather observers. Thus, Barton gets by with three people where the FAA uses nine (and all at civil service-level salaries).

Thus, if you happen to fly into airports like Smyrna, Tennessee (hub of the Emery Air Freight system); Gillette, Wyoming; Middle River, Maryland; Waukesha, Wisconsin; or Latrobe, Pennsylvania, relax. Your safety is being looked after by the private sector.

Pay TV Expands

Bypassing the government-protected shared-monopoly of the three major networks, alternative (pay) TV is coming into its own. Expanded use of satellites and continued reduction in Federal Communications Commission regulation are leading to major expansions of these forms of television.

How would you like your own satellite ground station, receiving up to six channels of first-run movies, live concerts, and sports events? Several years from now you may be able to call your local Sears, Roebuck store and order such a system. If a proposed joint venture with Comsat General Corporation goes through and the FCC approves, Comsat will provide the satellite and Sears will provide the antennas. The two-foot dish antenna will be installed on your roof for between $200 and $300, and thereafter you'll pay a monthly fee of $15-$20. Sears and Comsat expect the new service to be especially marketable in big cities and rural areas, where cable companies have not had much success due to high installation costs and low population density, respectively.

Cable TV may soon get a break in rural areas, however, if the FCC follows a recent staff recommendation. Since 1970 FCC policy has prevented telephone companies from providing cable service, but the staff thinks that rule is unduly restrictive. Under its proposal, if there would be fewer than 30 homes per mile of cable, the local phone company would be

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permitted to offer cable TV service, unless a cable firm were already there and ready to begin construction.

Meantime, pay-TV "networks" keep springing up, with solid advertiser support. Ted Turner's Cable News Network is due to debut on June 1. The Entertainment and Sports Programming Network went on the air last September, competing with the Madison Square Garden Sports Network. In January the Black Entertainment Network began two-hour weekly broadcasting. Altogether, there are now 40 of these program organizations, serving the nearly 2,000 cable systems that have satellite ground stations. And that number is expected to grow to 4,000 by the end of 1981.

Thus, the new forms of TV are providing a real alternative to the "vast wasteland" that has grown up under the protective arms of the FCC.

Pricing Flying

Commercial aviation is becoming more and more a marketplace operation. As federal regulations continue to be relaxed and repealed, the pricing system is starting to do its stuff. Besides giving airlines more freedom to set fare levels, both the CAB and the FAA are about to let pricing start serving another of its usual functions—coping with shortages and surpluses.

One shortage occurs at airports during periods of peak operations. More airlines want to land and take off planes than the airport can physically handle. Up till now airports have resorted to crude forms of rationing—generally, by setting up a committee of airline representatives to divide up the available "slots." But in February the Federal Aviation Administration issued a proposal that would allow airlines to bid for the peak-hour slots and to resell acquired slots to others—that is, to establish a market in the scarce resource. The proposal resulted from a CAB-commissioned study by Polinomics Research Laboratories in Pasadena. Thus far, nearly all the airlines have opposed the idea, which is backed only by the Justice Department, the California Transportation Department, and Frontier Airlines. Most of the opposition seems to be the usual blind hostility to solving problems via pricing that have been traditionally handled bureaucratically.

Much less controversial is a similar proposal by the Civil Aeronautics Board. During peak periods, says the CAB, the airlines should be free to charge higher fares, so as to even out peaks in demand. They should also be free to set prices by supply and demand on all short-haul routes. Unless opposition develops (and so far there has been none), the proposal will take effect sometime in April. Under the 1978 Deregulation Act, all CAB control over air fares will expire in 1983, and the current proposal is another step in that direction.

Third World Exploiters

The editor of an Icelandic newspaper in Reykjavik delivered a speech at a conference on information and human rights in Venice, Italy, recently, criticizing Third World representatives for blaming all their problems on the First World. *Editor and Publisher* reprinted the speech in which Jonas Kristjansson accuses the bureaucrats and leaders of UNESCO and the Third World of "assimilating the vocabulary of Eastern Europe rulers and...of Third World rulers who want to be left in peace to exploit their subjects while they attract Western aid to bolster their private bank accounts."

Specifically, the Icelander was refering to UNESCO efforts to impose international censorship of Third World news by restricting activities of foreign journalists in those countries. Those who think the only places that Western journalists are under attack are Iran and Afghanistan are sorely mistaken. The effort is being funded, as are all UN activities, mostly by US taxpayers. The reasons that are used to justify this attack on freedom of the press are the old and tired accusations of colonial greed. The UN is actively propagating this guilt trip in order to gain funding for its grand scheme for remaking the entire world economy along socialist lines. The name of the plan is the New International Economic Order.

Kristjansson explained to his audience that "the so-called national identity and culture of Third World despots is based upon the shoulders of their slaves and semi-slaves. In Europe and North America all this was changed in the industrial revolution and the following social democracy. The First World got rich and was able to distribute the wealth more or less to all classes of the population. This wealth was new, not taken away from anybody. It was certainly not taken from the Third World."

He went on to warn: "The First World does not even need the Third World.... On the other hand, the Third World desperately needs the First World if it wants to quicken its own road to the industrial revolution....This is important in considering the demand for a new international economic order. It is a part of a successful strategy of Third World despots to excuse their greed, inefficiency and exploitation and put the blame on the First World....Of course they want themselves to decide what information comes from and into their countries. And they have a good chance of winning."

After exposing the dangers of the plan, Kristjansson debunked the practicality of initiating any workable news-monitoring system. "Even if we could join an eventual Third World rulers' conspiracy against the news agencies, the distributed material would end up in the wastebaskets of the newspapers, radio and TV stations of the outside world. The news customer in Nebraska or Lombardy is simply not interested in Icelandic fishing problems. Neither I nor the Third World can force information down your throats."

Kristjansson's conclusion is something we have known all along, but it is still good to hear it from somebody outside of the First World. "The UN and UNESCO are controlled by the representatives of despots. [The First World] is not guilty of exploiting the Third World, neither in economy nor in information." Well said.

Government's Silent Majority

The evidence is in. The results of the New Deal, the Great Society, and decades of political promises have accomplished some sort of success—success if you are enthused by the idea that over half the population is hooked on government. The majority, in this democracy, now have considerable and vested interests in the maintenance of big government. Gary Shilling, president of Shilling and Co., a New York-based economic firm, has gathered some startling data.

The statistics presented here do not include the population that receive the plethora of little services, such as tax-funded library cards or subsidized parking. Shilling's statistics only count those who receive incomes directly due to government action (and their families). The biggest increase between 1960 and 1977 has come in the area of transfer payments—payments made without any current work done in return.

Social Security recipients soared from less than 10 percent to almost 17 percent of total population, most of which is accounted for by the lowering of minimum eligibility age from 65 to 62. The percentage of the population receiving government-paid pensions also grew dramatically, including veterans pensions. Over five million children were added to the rolls of those benefiting from Aid to Families with Dependent Children. This is interesting because the number of children under 18 actually decreased by

300,000 during the same time.

As a percentage of total population, those working directly for the government has actually gone down. Even the percentage of the population that is working in the private sector on government jobs has decreased slightly. Transfer payments, welfare, and generous government pensions are the area of uncontrolled growth. One must wonder what it means to the future of the country when half the country would be immediate losers if government spending were reduced.

Government and Non-Government Beneficiaries

	1977	1960
Total Government Beneficiaries:	53.5%	42.3%
Government Employees & Dependents:	12.9	13.0
Federal—Military	1.6	3.0
Federal—Civilian	1.9	2.8
State & Local	9.4	7.2
Private Employment due to Government Spending including Dependents	8.3	10.2
Transfers & Pensions	30.4	18.4
Government Pensions	2.2	.8
Veterans Pensions	2.1	1.7
Social Security	16.5	9.7
Welfare	5.3	1.9
Unemployment Insurance	1.1	1.0
Dependents of Transfer Beneficiaries	3.2	3.3
Other Recipients of Government Benefits:	1.9	.7
Total Not Dependent on Government:	46.5	57.7
Employees & proprietors	26.5	26.4
Dependents of private-sector workers	20.0	31.3

(Source: *Wall Street Journal*, Dec. 10, 1979)

Gold's New Credibility

Since our last report on gold (Trends, Jan.) the price of the metal has continued to soar, into the $700-$800 range. At the same time, the prospects for a return to some form of gold standard continue to improve.

Public opinion is being prepared for such a move by articles in leading publications. The *Times* of London last December 12 editorialized that "paper currencies have ceased to be satisfactory as a security for the failure of independent nations." It pointed out that the "European Monetary System recognizes that gold has again become the reserve base of the world monetary system," the US Treasury notwithstanding. The editorial was reprinted in the December 21 issue of the *Wall Street Journal.*

About that time the January issue of *The Atlantic* hit the stands, featuring a cover story on gold. Author Charles Cerami pointed out how the last 20 years should have taught us that "precious metal is the only real *money* in the world—the only steady standard of value." Quoting Voltaire ("All paper money eventually returns to its intrinsic value—zero") and citing Roy Jastram's *The Golden Constant,* Cerami too concluded that because "a large part of [EMS] reserves is in the form of gold, *the gold will be used to back and to finance each country's spending again.*"

Similar comments are emerging from European bankers and financial analysts. The chief economist of the French bank Societe Generale points out that today's high gold prices make (for example) US gold reserves equal to half the US money supply. (Britain's pre-World War I gold standard operated with far less than 50 percent gold backing for over 200 years.) French bankers argue persuasively that remonetization is in fact under way and view the cessation of US gold sales as further evidence. Adds Hans Mast of Swiss Credit Bank, "They [central bankers] want to keep the gold they have, indicating that they view it as a precious metal asset."

While bankers thus prognosticate, economists are debating the proper form of a new gold standard. Even Milton Friedman, long considered anti-gold, has explained that what he's against is the anemic "gold exchange" standard of the postwar era. "I don't think any country in the world is willing to restore an honest-to-God gold standard," he told the *Wall Street Journal* (Jan. 20). But if they *did*? "It would be a pretty good system," conceded Professor Friedman.

Legal Advertising A Plus

Bans on advertising by professionals are supposed to ensure quality of service, according to their defenders. Advocates of lifting these bans have countered by pointing to the probable benefits to consumers in the form of lower costs and arguing that, as with other purchases, consumers should be free to make tradeoffs between price and quality. In the wake of the 1977 court decision that

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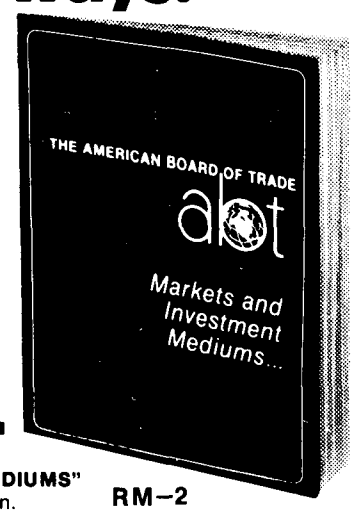

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opened up legal services to advertising, prices have indeed fallen. And now, a study by two lawyers has found that consumers haven't even lost out on quality in the process.

The study compared traditional firms and a legal clinic operating in the same market. The clinic advertises heavily and charges lower prices, but on all seven attributes measured (by questioning clients), the clinic scored not only as well as but better than the traditional firms: on a scale running from 1 = excellent to 4 = poor, the traditional firms rated a composite score of 2.53; the clinic, 2.17.

How can a firm charge less but not lower the quality of the product? By cutting costs, conclude Fred McChesney and Timothy Muris, who conducted the study. Advertising increases volume—one clinic in Los Angeles reportedly attracts 2,500 new clients a month with a heavy television campaign; and higher volume makes possible less-costly delivery of services.

An important factor is specialization. As with studies showing private police to be more responsive and satisfactory to consumers because of their ability to provide more specialized services, specialization increases legal expertise in any one area, note McChesney and Muris—thus reducing time spent per case, hence reducing costs. Legal clinics have made it their business to specialize in routine legal matters such as divorces and wills and are thereby able to provide more efficient, and cheaper, service. In Baltimore, for example, the average cost of a plaintiff's uncontested divorce, as handled traditionally, was $344 in 1975; the price charged a year later by a legal clinic in that city was $150.

The increase in volume also allows firms to use systems management techniques, to automate some work (with memory typewriters and computers, for example), and to hire lower-cost paralegals to handle much of the workload. (Paralegal salaries average about half those of associates and one-sixth those of partners.)

All this spells lower prices for consumers—and yet another weakness in the organized bar's case for a ban on lawyers' advertising.

"Free Food" Affects Productivity

It seems the US Department of Agriculture just doesn't know when it's not wanted. The Federated States of Micronesia, part of the US Trust Territory, recently voted to turn down a $6 million USDA free-food program. Nevertheless, the feds are planning to introduce a $5 million federal food stamp program.

In opposition to the free-food program, a report to High Commissioner Winkel (Commission on Future Political Status and Transition) stated that social, cultural, and traditional values of the island communities have been disrupted. Copra production has either declined or stopped, and traditional subsistence food gathering such as reef fishing or planting taro has fallen off drastically. In some cases, the USDA programs have resulted in the government buying from parents food that is then given to their children, instead of the parents giving the food to the child directly.

A basic problem with the free-food program is its use of the US poverty level standard, which is based on cash income. Subsistence economies, as in Micronesia, tend to have low monetary incomes, since some food—in this case, fish—is readily available. Despite this, almost everyone is entitled to the program because of the cash basis for eligibility. Local leaders would like to see such programs ended, not only because of the cultural disruption, but also because their new governments (post-trusteeship) will be unable to provide such massive handouts.

Apes vs. Humans

Can a chimpanzee create a sentence? Judging from some experiments reported in the scientific literature and picked up by the popular press recently, one might think so. Stories of apes learning sign language or communicating via computer terminal have informed, entertained, and amused us. More ominously, such stories have also gladdened the hearts of those who find offensive the uniqueness of human beings in the hierarchy of nature, who denounce this as a new social evil—"speciesism"—and agitate for "animal rights."

Now, however, it turns out that some of the conclusions drawn from ape-communication studies have been premature. A recent book (*Nim: A Chimpanzee Who Learned Sign Language*, by Herbert S. Terrace) and an article in *Science* ("Can an Ape Create a Sentence?" by Terrace and three colleagues, in the Nov. 23, 1979, issue) reviews the experience of teaching a chimp named Neam Chimpsky ("Nim," for short) to use American Sign Language. It turns out that, although Nim did make certain signs in an order that suggested human sentence-structure patterns, analysis of videotapes of the sessions showed that most of Nim's signings were prompted by those of his teacher. In addition, Nim interrupted his teachers to a much larger extent than a child at a comparable stage of language development interrupts an adult's speech. Overall, concluded Terrace and colleagues, there is no evidence that Nim is capable of constructing sentences, as opposed to merely associating signs with objects or actions.

This is not to say that such higher capacities may *never* be discovered in nonhuman beings. But it is interesting to note how eager some people are to convince us that we aren't very important, even as a species, let alone as individuals. One wonders whether the too-hasty announcements of the demise of human distinctiveness have less to do with a love of truth than a love of power.

Milestones

• *Small Capitalists.* In France, 700,000 new investors were drawn into the stock market when the government instituted a tax credit of up to $1,250 for stock-market investment. The decrease in new equity capital in Britain due to the previous Labor government's policies—as well as the Conservatives' desire to desocialize its economy—has led the Thatcher government to propose a similar measure in Britain.

• *A Banana Revolution.* St. Vincent, one of the Caribbean islands, has reelected overwhelmingly its incumbent pro-West, pro-free enterprise premier, Milton Cato, giving his party 11 out of 13 seats in parliament. St. Vincent becomes the first Caribbean nation to turn thumbs down on socialism.

• *Middle America Sacked Most.* A report by the Advisory Commission on Intergovernmental Relations concludes that the rise in federal, state, local, and Social Security taxes has hit the middle-income family most severely. A family of four with a $16,000 annual income paid *90.6 percent* more taxes in 1977 than in 1953. A family with a $64,000 annual income, however, paid just 55.4 percent more taxes. Social security takes 5.9 percent of the average family's income but only 1.5 percent of the higher-income family's earnings.

• *Traitors, All.* In a harsh and emotional criticism of his fellow Republicans (and the Democrats), former Secretary of the Treasury William E. Simon lambasted Congress for passing both the windfall profits tax and Chrysler bail-out bills. Simon swore he would no longer support people simply because they are labeled conservative but would save his dollars and votes for the candidates of *any* political party who "understand and are... committed to the fundamental principles and ideals that gave us the abundance and freedom that is America."

• *Abortion Sentiments.* A nationwide

survey commissioned by the National Abortion Rights Action League showed 85 percent of those polled believe abortion should be legal under certain circumstances (19 percent believe it should be legal under *all* circumstances).

• *Cost In Space.* NASA's space shuttle program has another potential buyer. Earth Space Transport Systems Corp., out of New York, is seeking financing to become the owner of NASA's fifth shuttle. The company would contract with NASA to launch and operate the orbiter. ESTSC would sell and arrange cargo-handling schemes to other companies.

• *Tax Revolt Escalates.* Most experts agree with pollster Mervin Field's conclusion that two-to-one support for personal-income-tax reduction makes passage of California's Jarvis II almost a certainty. A victory of that magnitude would probably inspire similar moves in other states. An income-tax repeal has qualified for Alaska's November ballot, and another is circulating in Montana.

• *Postal Service Pressured.* Postmaster General Bolger has been urged by the president's chief domestic adviser Stuart Eizenstat and Budget Director James McIntyre to accept a recent ruling by the independent Postal Rate Commission concerning ECOM, the Electronic Computer Originated Mail system. The Commission criticized the Postal Service's attempts to severely restrict the number of electronic carrier services available to the public for their anticompetitive effects.

• *Unconstitutional Regulations.* A ruling by US District Judge Glen Williams prohibits the federal government from enforcing the regulations of the 1977 Surface Mining and Reclamation Act in Virginia. Williams said that regulations "effectively prohibit the mining of a person's private property."

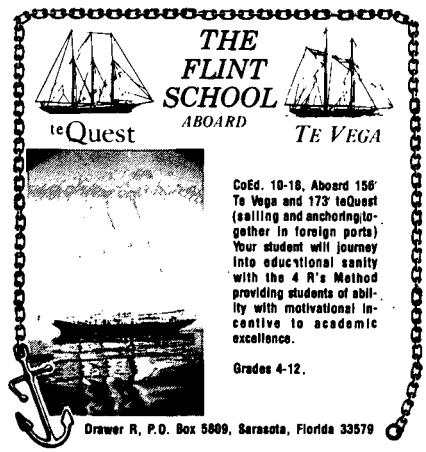
• *The Government Paperweight.* The Small Business Administration has issued a study that estimates the cost of government paperwork on small business to be $12.7 billion a year. Besides the average $1,270 cost to each small business, the SBA cites significant psychological costs such as confusion over required data, anxiety over possible penalties, and frustration because of the doubtful usefulness of the gathered data.

• *Too Close for Comfort.* The House Ways and Means Committee voted to forbid the Internal Revenue Service from extending taxation to employee fringe benefits before June 1, 1981. The IRS and the Treasury were also prevented from ending deductions for commuting as a business expense.

• *In Praise of Outlaws.* Economist Arthur Laffer says that the underground economy serves as a safety valve—an economic escape hatch that relieves pressures caused by a bad tax structure. He says "The underground economy is a human response to incentives. When you provide incentives for illegal activities, you're going to get illegal activities."

• *Confiscation on Trial.* The Supreme Court has agreed to hear the landmark California *Agins* case that challenges the right of land-use planners to down-zone properties without compensating owners for the loss in value caused by the zoning restrictions. The outcome has significant implications for landowners and land-takers all over the country.

—Robert Poole, Jr.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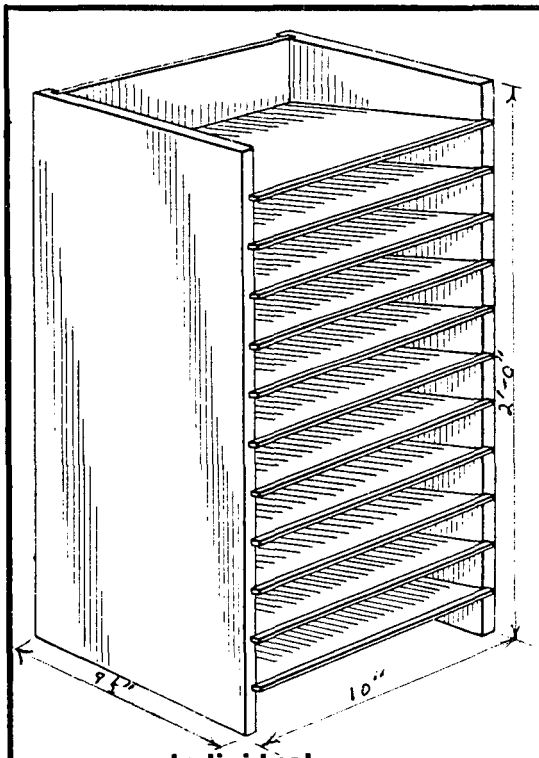

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AMERICAN GESTAPO

• Silver Spring, Maryland, June 1971: Four government agents in plain clothes broke down the back door of the apartment of Ken Ballew, who was in the bathtub at the time. Ballew armed himself with a pistol and prepared to defend himself. He was shot by the agents and suffered permanent brain damage and paralysis as a result.

• San Jose, California, June 1978: Twenty armed government agents raided a collectors' show, for two hours allowing no one to leave. The agents photographed exhibitors and bystanders and forced everyone present to sign "warning forms."

• Charleston, South Carolina, January 20, 1977: Agents entered the home of Patrick Mulcahey and confiscated all his collectors' items, valued at $15,000. Included were a gift from his grandfather when he was 11, the first item he purchased for his collection when he was 15, and an engraved piece worth more than $1,000.

• Kirkland, Washington, October 1978: In a paramilitary-style operation, government agents invaded the neighborhood of Mr. and Mrs. Elmer Tungren. A four-block area was sealed off, the neighborhood evacuated, and the Tungren home surrounded. Some of the agents ransacked their home, while others stood over the Tungrens with automatic rifles.

Hardened criminals? Not quite. Armed? Well, it's true that the government agents were after firearms—but consider what kind, and the circumstances. The firearms of Ken Ballew, who assumed the intruders were criminals and so armed himself, were found to be properly registered and owned legally. The San Jose raid was at a gun collectors' show, where enthusiasts display and trade antique and choice firearms—not the kind used by criminals. Patrick Mulcahey was charged by the government with illegal possession of firearms but was acquitted in court. (Yet the government still has not returned his collection, appropriated without compensation.) The agents found a few rifles and a .22-caliber target pistol in the Tungrens' home—all properly registered. Yet those agents had come in "like a bunch of storm troopers," as Mr. Tungren described it afterwards to the press.

And the agents involved? They belong to the federal government's Bureau of Alcohol, Tobacco, and Firearms. A part of the Internal Revenue Service, BATF has existed in various forms for many years. After passage of the Gun Control Act of 1968, the IRS's Alcohol and Tobacco Division was given, along with bureau status, responsibility for enforcing firearms laws.

Some of the Bureau of Alcohol, Tobacco, and Firearms' zealous pursuit of gun owners can no doubt be laid at the feet of gun-control sentiments in the United States. Many people appear willing to put aside constitutional protection of the citizen's right to bear arms because of worry about crime statistics showing that some 50 percent of homicides are committed with handguns.

But consider 1976, for example. In that year, according to FBI Uniform Crime Reports, 9,202 illegal homicides (49 percent of the total) were committed with handguns. Yet, of the estimated 40 million in private hands, 9,202 is only *.023 percent.* (And gun-control advocates who put that estimate even higher, sometimes as high as 100 million, should note that the percentage of homicides committed with handguns is then even lower.) Moreover, BATF itself has repeatedly pointed to cheap handguns—valued under $50, caliber .32 or less, barrel 3 inches or less—as the weapon most often used by criminals. So why is it pursuing gun collectors and dealers, rather than individuals who have used firearms in a criminal manner?

A good part of the explanation may well be that the Bureau has been placed in a very awkward position by a decline in moonshining. With sugar prices escalating rapidly since 1972, illegal brewing has fallen off dramatically. In 1972 BATF raided nearly 3,000 stills; by 1978 the number had fallen to a mere 381. Clearly, the public—and Congress—

How the BATF is riding roughshod over civil liberties.

By John D. Lewis, Jr.

Christopher Brennan

would not find its alcohol-controlling functions very important any more. But if BATF could build up an impressive arrest record in the area of firearms... And it looks like that is exactly what this government agency proceeded to do during the 1970s, often using questionable and outright illegal tactics, often to carry out lengthy investigations, appropriate the property, and make highly publicized numbers of arrests—not of criminals or even would-be criminals, but of law-abiding citizens.

Creating Crime

Entrapment is but one of the methmethods used by the Bureau in these operations. TV cop shows have made this technique familiar to millions of Americans. Kojak's right-hand officer hits the streets as a lonely man in search of the attention of a street-walker or as a desperate junkie after a fix; man/junkie meets prostitute/pusher and suggests transaction; the nod is given and a police badge quickly produced, followed by handcuffs; and so a law-breaker is caught in the act.

Entrapment is in fact a centuries-old law-enforcement tactic and is also used to trip up criminals involved in the exchange of stolen property, con artist schemes, and so on. In theory, it is a useful means of cornering people who are already engaging in or intending to engage in criminal activity. In practice, it treads a thin line between offering the opportunity for a person to commit a crime and actually *encouraging* him to do so.

Over the years, various forms of entrapment have been held legal by the courts. But the crucial test, the Supreme Court has declared, is the object of the ruse. "The first duties of the officers of the law are to prevent, not to punish, crime," said the Court in the case of *Sorrels* v. *the United States* in 1932. "It is not their duty to incite crime.... Decoys may be used to entrap criminals, and to present opportunity to one intending to commit crime. But decoys are not permissible to ensnare the innocent and the law-abiding into the commission of a crime."

Yet a look at the record of the Bureau of Alcohol, Tobacco, and Firearms leads to the inescapable conclusion that it is making an art out of just such entrapment of innocent and law-abiding citizens. It was handed the opportunity to do so by the Gun Control Act of 1968, which is the major piece of control legislation on the books and is rife with vague language. It is left to the Bureau to come up with regulations to implement the intent of Congress. In doing so, BATF has exploited the very vagueness of the Gun Control Act. It is clear that the Bureau has purposely created and perpetuated ambiguities, allowing for citizens to be misled into violations of the law. And that's where entrapment, of both licensed dealers and private citizens, enters the picture.

In entrapment of dealers, BATF makes use of a scheme known as a "straw-man sale." This sale hinges upon the fact that dealers may not sell to certain "prohibited persons"—nonresidents of their state, persons under a certain age, felons, and some others. At the same time, it is common for one individual legally to buy for another who might himself be prohibited from purchase. An adult, for example, purchases for a juvenile, or an out-of-state dealer makes a purchase so that a resident of his state may then purchase from him.

BATF has often recognized the legality of such transactions. In its publication *Gun Control Questions and Answers*, the Bureau presents a dialogue for guidance on these matters:

(34) Can a licensed dealer send or sell a gun to anyone?

No, except for rifles and shotguns in contiguous State sales, a licensee may not make direct sales to a nonresident. What the dealer can do is ship the firearm to a licensed dealer of the purchaser's choice whose business is in the purchaser's state of residence. The individual could then pick up the

firearms after completing form 4473 [the federal registration form].

(54) Since persons under 18 years of age cannot buy long guns or ammunition from dealers, how can they obtain them?

A parent or guardian may purchase firearms and ammunition for a juvenile. [Gun Control Act] age restrictions are intended only to prevent juveniles from acting without their parents' or guardians' knowledge.

These are the Bureau's only public statements on this subject. BATF has avoided ever stating conditions under which such purchases may make the dealer subject to a felony prosecution.

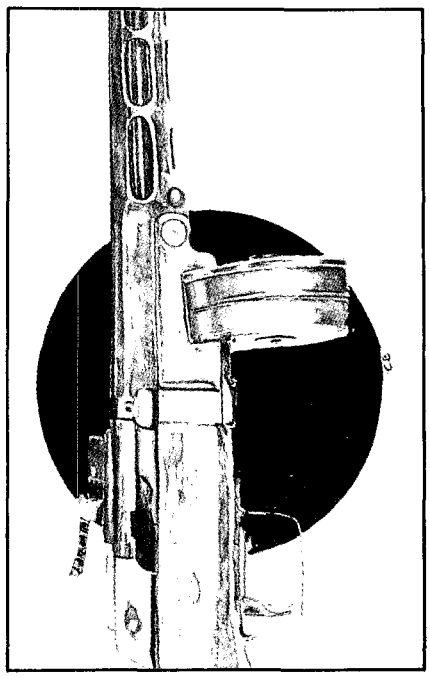
The straw-man case, however, makes it clear that just such transfers may indeed bring one face-to-face with the law. In this form of entrapment an agent or informant who is a prohibited person approaches a dealer to buy a firearm. The agent then produces out-of-state identification or indicates that he cannot sign the registration form (which contains a statement that he is not a prohibited person). The dealer invariably refuses to sell.

The "prohibited person" then suggests that perhaps someone else (usually a local relative or friend) could purchase the gun for him. If the dealer takes the bait, he will respond that he can sell to a local person, provided that person can produce valid local identification and can legally fill out the purchase forms.

The "prohibited person" then returns with a second agent, the "straw man." The straw man produces the required identification and signs the appropriate forms. The "prohibited person," however, is the one who comes up with the money; at the end of the transaction, the straw man steps back and the "prohibited person" quickly steps in to pick up the firearm. And that's it for the dealer, who is arrested by BATF agents for selling to a prohibited person.

(It is possible to sidestep the trap. In two reported cases, the dealer refused to go through with the transaction unless the money was offered by the straw man; likewise, he handed the firearm to the straw man, in one case having to snatch it from the hands of the quickly grabbing "prohibited person." Although the Bureau nevertheless arrested both dealers, it prosecuted without success.)

When BATF goes after dealers engaging in straw-man sales, is it merely implementing the Gun Control Act? To permit wide open sales of this type, under any conditions, would allow for extensive evasion of the act. Even so, if the intent of the law is to prohibit the transfer of firearms to certain persons, why should enforcement be aimed at the dealer, who nominally sells to the straw man, rather than the straw man himself, who makes the transfer to the "prohibited person"? In at least one case where a straw-man sale occurred—*without* BATF inducement—the Bureau prosecuted the woman who served as the straw man and did not bring charges against the dealer.



A look at the record shows that BATF is making an art out of entrapment of innocent and law-abiding citizens.

If BATF believes that a straw-man sale constitutes violation of the law, it could easily prevent most future violations by simply informing dealers that it is a violation. This has obviously not been its intent. It is far easier to build up its status with Congress by creating felons of those who are disinclined to crime than by taking the time and risk to seek out real criminals.

Dealers are not the only ones to have been caught in the Bureau's entrapment snare. A second scheme, equally dependent on BATF's calculated ambiguities, involves the "implied dealership." It is used exclusively against those who do not hold federal firearms licenses.

The law requires that a license be obtained by anyone "engaged in the business" of dealing in firearms. The statute, however, does not define dealing, and BATF regulations make no attempt to do so, except to say that persons who sell but "four to six" guns a year—mostly collectors—do not need a license. In fact, such persons are actively *discouraged from* obtaining licenses. Yet, when nondealers sell weapons, fully complying with the standards set out by the Bureau, they are in danger of being arrested for dealing without a license.

Entrapment proceeds in this way: One or two agents approach a collector at a gun show and make a purchase. The same happens at the next gun show, and so on, until the "implied dealer" has made four to six sales. At this point, the collector is booked on felony charges of dealing without a license. Legal defense costs can run as high as $20,000 (with the person's gun collection usually having been seized by BATF). If convicted of a felony, the collector loses all right to possess any firearms in the United States.

And the conviction is not difficult for BATF to come up with. In spite of its public position that sales of "four to six" guns a year do not require a license, in *court* it has consistently been successful with an argument that conviction may be based on very few sales by a private individual, for no financial profit. The Bureau thus appears to interpret "dealing" in any way that seems likely to ensure the most arrests and then, on the opposite interpretation, the most convictions. It has uniformly failed to inform collectors or anyone else of its position, leaving its actual policy on dealing beyond the ascertainment of citizens interested in obeying the law.

Why this two-handed BATF campaign to prosecute those selling only a few firearms a year, while at the same time insisting that one must make a significant quantity of sales per year to qualify for a license? It not only serves to make people more vulnerable to charges of dealing without a license; it also cuts down on the workload of the Bureau in regulating licensees, leaving it free to pursue more impressive tasks.

Bureau officials have made no secret of their policies toward the small businessmen who make up the majority of the nation's gun dealerships. Speaking to a police convention in Buffalo, New York, in 1979, former BATF director Rex Davis told the group that he planned to "tighten BATF's regulation of licensed firearms dealers," effectively reducing their number "from the present 159,000 to about 30,000. . . . The reduction will make their regulation more manageable

for BATF's outnumbered forces." The implication is clear: since it is difficult for BATF to regulate these businesses as relentlessly as it wishes to, it has undertaken to drive large numbers of them out of business. Is *that* the intent of Congress?

Disregard for Property

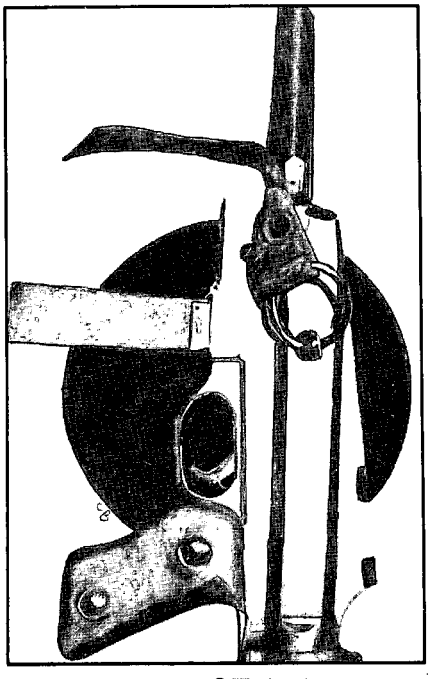
Entrapment of the law-abiding, however, is only one appalling feature of BATF's new campaign against gun owners. Its behavior during and after trial is curious for a supposedly law-enforcing agency of the government.

The Bureau confiscates many firearms. According to a BATF press release, total confiscations for the years 1976-78 numbered 25,936. The value of the nearly 9,000 firearms confiscated in 1978 is conservatively estimated at $1.05 million. And the odds of citizen getting his guns back are not good, even in the case of an acquittal. In a few reported cases, firearms have been seized but no arrest made. One gun collector provided documentation of a chilling scenario:

- BATF's move against him, as documented from the prosecution's files, began with a 14-month investigation commencing in early 1976.
- Firearms were seized—without arrest or indictment—in March 1977.
- Nearly a year passed as the Bureau made offers to forgo prosecution if the collector would permit BATF to keep his weapons (apparently a common BATF position).
- On January 20, 1978, the collector sued for return of his collection.
- On February 1, 1978, less than two weeks after filing suit, the collector was indicted and was subsequently convicted.

Gun collections are often the product of years of devoted effort, valued in tens of thousands of dollars. In virtually all cases, government confiscation represents a major loss to the collector.

In a number of cases, there is clear evidence of what can only appear to be vindictiveness in the treatment of firearms in the Bureau's custody, both at the time of arrest and later. Gus Cargyle is but one example. A collector in Corpus Christi, Texas, he had firearms valued at $55,000 confiscated by BATF agents. According to the local newspaper, the *Corpus Christi Caller,* agents deliberately dropped the guns on the concrete floor and stacked them outside "like cordwood." Cargyle sucessfully sued for return of the weapons (no charges were ever filed) but discovered upon their return that they had been stored in a damp warehouse and allowed to rust during the Bureau's custody.



The history of BATF since the demise of its liquor enforcement functions is a classic tale of bureaucracy in search of a job.

Not only does BATF seize weapons without making any arrest; it also continues to withhold collections even after *acquittal* of the defendant. As a tax agency, BATF argues, it is entitled to retain seized weapons (and the vehicles from which they were confiscated, if applicable) to compensate the government for lost revenue. But in an implied dealership entrapment, the only lost revenue is the license fee—$10—which in many cases would have been paid to the government if the government had allowed the implied dealer to obtain a license in the first place.

In fact, many of the firearms confiscated by the Bureau—about one-third, according to records obtained under the Freedom of Information Act—are not kept because of any "lost revenue" but are appropriated, without compensation, "for official use" or for the "reference collection" at BATF national headquarters. One firearm so retained was an Ingram M10 submachinegun with silencer. The Ingram with silencer is familiar to moviegoers as the weapon used by the contract killer in *Three Days of the Condor,* and the Bureau's listing of it as "desired for official use by this office" is surely ironic. Other weapons retained for official use include derringers, antiques, and deer-hunting rifles, weapons that would seem to be of little use to a law-enforcement agency.

Disregard for Crime

Since the Bureau of Alcohol, Tobacco, and Firearms is a law-enforcement agency, one might expect that the guns it is taking out of circulation would be the types most often used in crime. But this is not the case at all.

Freedom of Information requests for BATF data yielded an 18-inch-high stack of Reports of Property Subject to Judicial Forfeiture. The record shows that rifles and shotguns are confiscated more often than handguns—nearly 60 percent long arms, compared to 40 percent handguns. Guns that are used rather rarely in street crime, such as a $10,000 silver-inlaid shotgun, were not only confiscated but "retained for official use," according to the property reports. "Saturday Night Specials"—the ubiquitous weapon of crime, according to the Bureau—account for only *four percent* of the confiscated guns listed in those reports. Compare all these facts to a December 1973 BATF press release claiming that small, concealable handguns accounted for 71 percent of the crime in four major US cities, and it becomes clear that *if* BATF is making any attempt to curtail the use of firearms in crime, it is failing dismally.

Other BATF data make it highly questionable whether the Bureau is even expending much effort in that direction. Its own published breakdown of prosecutions by city show that in Washington, D.C., for example, the Bureau conducted 1,603 investigations during the period reported, and only 206 of them dealt with felon in possession of firearms, only 58 with stolen firearms, and only 20 with use of firearms in commission of a felony. Since numerous studies have shown that 25 percent of the handguns used in crime are stolen, it is shocking that less than four percent of BATF's Washington investigations zeroed in on firearms theft.

The situation has moved some police officers to speak up, noting that in their experience BATF has shown not only neglect but a distinct lack of interest in pursuing those actually committing firearms crimes. A. H. Pickles, chief of police of Leavenworth, Kansas, reports that "on a few occasions I did call [BATF] on cases that were serious violations of federal law. One was a criminal who com-

pletely forged a federal form to purchase a pistol, and the other was a case of an illegal alien who bought a pistol with which she shot her male companion.... There was never any action taken against these real criminals by [BATF]." Chief Pickles issued an order to his department that they would henceforth not participate in any joint operation with BATF unless no other federal agency could provide assistance.

Of course, catching thieves and murderers is far more dangerous and difficult than entrapping citizens who are likely to abide by clearly stated laws and, believing themselves to be law-abiding, are unlikely to resist confiscation or arrest with violence. Evidence does indicate that in some cases individuals are picked out for criminal investigtion on the basis of the ease and safety with which they may be arrested or because of some special grudge.

One Illinois dealer who regularly spoke out publicly against BATF was pursued by the Bureau for years. Attempting to build a case through the use of informants and entrapment, BATF had amassed a file, obtained under Freedom of Information, in excess of 5,500 pages. The dealer's attorney related that there had been eleven separate attempts to entrap the dealer. One BATF agent had kept a notebook detailing these attempts, and the attorney estimated that the agent had spent over 1,000 hours in his efforts against the dealer.

Yet for several years Bureau administrators have been appearing before Congress complaining that they have neither the funds nor the manpower to do an adequate job of enforcing federal gun law. It is especially ironic that they emphasize not having the resources to begin to move against gun thefts.

The point of the investigations it does specialize in—and the resultant seizures and arrests—seems clear: to generate enough publicity to impress Congress and the public with the Bureau's enforcement record. Accordingly, BATF has developed an extensive press relations program, which includes using the press to increase its conviction rate.

In his introduction to the BATF manual *Public Affairs Guidelines,* former director Rex Davis noted that an "effective public affairs program... has a favorable impact on the attitudes of the court, *jurors* and prosecutors" (emphasis added). What goes under the name of press relations might therefore be more accurately characterized as indirect jury tampering. "Trial by press" is a popular method for those defendants against whom the Bureau has a weak case.

The press is also used to create "newsworthy material." The strategy is to generate interest by escalating the most mundane record-keeping and administrative inspections into full-scale raids.

In July 1974, for example, a number of BATF and customs agents surrounded Jensen Custom Ammunition, a large-scale gun dealer in Tucson, Arizona. Agents entered the store, leaving one agent, armed with an automatic weapon, to maintain order in the parking lot. Employees were frisked, and all customers had to show identification before they were allowed to leave. Administrative records and a few guns were taken. No charges were ever filed.

Catching thieves and murderers is far more dangerous and difficult than entrapping citizens who are likely to abide by clearly stated laws.

An operation in June 1978, for the mundane purpose of handing out information on federal firearms laws at a gun show in San Jose, California, became notorious after agents made what amounted to a mass arrest of all attendees. The result is a $2.1 million lawsuit, which the Bureau has unsuccessfully attempted to settle out of court. Although its "educational" activity could have been quietly accomplished by two agents before the show was even open to the public, BATF insisted upon escalating it into a paramilitary operation, apparently for the benefit of the press.

Civil Rights Abuses

Even if BATF's raids never resulted in tragedies—and the case of Ken Ballew, paralyzed by BATF agents, confirms that tragedies *do* occur—it should be obvious that there is considerable danger to the public inherent in such operations. The Bureau has given us enough examples of what is known in law enforcement as a strike-force mentality to suggest either a general policy or an attitude among individual agents favoring overutilization of force and misdirection of resources. An examination of BATF publications, obtained through Freedom of Information requests and lawsuits, indicates that policy is as much to blame as any excesses on the part of individuals.

Quite revealing, for example, is a Bureau manual entitled *Raids and Searches.* In spite of hearings in federal courts, this manual is only available in a censored form.

David Caplan, a New York attorney long active in opposing gun control, filed suit in the Southern District of New York, asking Judge Whitman Knapp to compel BATF to release portions of the manual withheld when Caplan obtained it under the Freedom of Information Act. Judge Knapp chose the middle of the road, ruling that certain portions would have to be disclosed but others could remain secret. While the court agreed with the Bureau's arguments that disclosure of some sections could hinder investigations or enable violators to avoid detection, it expressed reservations about some of the information it had discovered during its inspection of the manual.

"Some withheld sections describe enforcement techniques which are of dubious legality under the Fourth Amendment," Knapp wrote. "Although we do not decide whether any techniques are unconstitutional, we do note our grave doubts with respect to some of them."

Armed with the knowledge that the censored sections would probably show that many of BATF's civil rights abuses are matters of official policy, Caplan turned to a higher court. In October 1978 the appeals court affirmed Judge Knapp's ruling, arguing that Caplan had "no standing to question the constitutionality of any of the regulations simply because he is writing a book on the subject.... Our jurisdiction is constitutionally limited to 'cases and controversies' and there is none presented here which would permit a review in the abstract of the constitutionality of procedures described in the BATF manual."

Despite the apparent impossibility of seeing an intact copy of *Raids and Searches,* the portions that have been released reveal a mentality that is hardly appropriate to the administrative regulation of law-abiding citizens. On the contrary, the term *raid* is defined as "the sudden appearance by officers for the purpose of arresting law violators and seizing contraband." These are obviously not the situations the Bureau has been focusing on, and the courts have declined to let the public see how it handles such cases when they do arise.

(Continued on p. 44.)

Thoughts for Taxing Times

Compiled by H. D. Watkins and Jim Molnar

George Washington never told a lie, but then he never had to fill in a 1040 form, either.

Deseret News and Telegram,
Salt Lake City, Utah

The income tax has made more liars out of the American people than fishing has.

Will Rogers

Over and over again courts have said there is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich or poor; and all do right, for nobody owes any public duty to pay more than the law demands: taxes are enforced exactions, not voluntary contributions. To demand more in the name of morals is mere cant.

Judge Learned Hand,
Commissioner v. Newman

Taxes should be proportioned to what may be annually spared by the individual.

Thomas Jefferson,
Remark to James Madison,
December 1784

Some are suggesting that a simplified tax form should read:
1. How much did you make last year?
2. How much did you spend?
3. What have you left?
4. Mail it in!

U.S. News and World Report

Still another complicating factor in our tax laws arises from the addition year after year of new provisions. Moreover, in adding these provisions we seldom have the time to go back through the existing compilation of the tax laws to see how many of them are no longer necessary.

Wilbur Mills, Chairman,
House Ways and Means Committee,
December 1965

A fine is a tax for doing wrong. A tax is a fine for doing well.

An old saying
of law school professors

In my own case the words of such an act as the Income Tax, for example, merely dance before my eyes in a meaningless procession; cross-reference to cross-reference, exception upon exception—couched in abstract terms that offer no handle to seize hold of—leave in my mind only a confused sense of some vitally important, but successfully concealed, purport, which it is my duty to extract, but which is within my power, if at all, only after the most inordinate expenditure of time. I know that these monsters are the result of fabulous industry and ingenuity, plugging up this hole and casting out that net, against all possible evasion; yet at times I cannot help recalling the saying of William James about certain passages of Hegel; that they were no doubt written with a passion of rationality; but that one cannot help wondering whether to the reader they have any significance save that the words are strung together with syntactical correctness.

Judge Learned Hand

The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means which the law permits, cannot be doubted.

Justice Sutherland,
Gregory v. Helvering

Where there is an income tax, the just man will pay more and the unjust less on the same amount of income.

Plato, The Republic

There is no child so bad that he can't be used as an income tax deduction.

A saying of tax practitioners

The hardest thing in the world to understand is the Income Tax.

Albert Einstein

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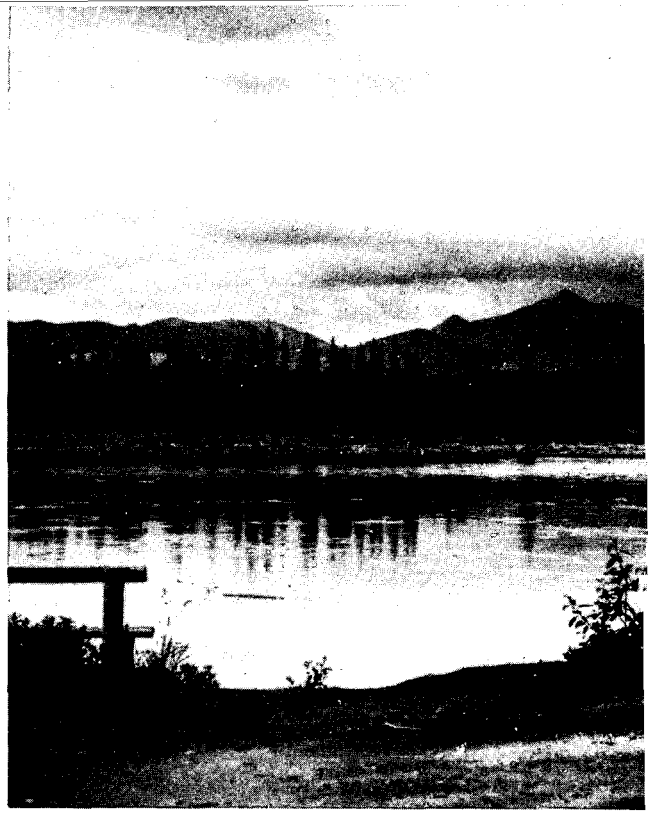
Who Gets to Destroy ALASKA?



Jack Boone has a sign posted on the outside of his homemade log cabin: "Welcome to those who wish us well and the rest of you can go to hell." It is a notorious sign. A few years ago, writer John McPhee mentioned it in *Coming into the Country,* a perceptive bestseller about Alaska.

Lately, Boone and his neighbors have been composing and posting signs that have not come close to achieving commensurate notoriety, despite the unusual urgency of their message. "War Zone...," one of the signs says. Right now, the "war" is cold. But Boone expects violence in Eagle, a miniscule community in a compellingly beautiful wilderness not far from what is recognized elsewhere as Yukon-Charley National Monument.

"Eagle rejects Yukon-Charley," another of the signs says. "It is not a fact unless it is accepted."

Yukon-Charley is a proposed national park, one of 13 in Alaska, and part of a land-conservation issue that is justifiably referred to as one of the most important in the history of the country. Late in 1979 the US House passed the Alaska Lands Bill, and the Senate is expected to vote on the matter soon. The Carter administration regards the issue as its "highest environmental priority." If the bill passes, more than 100 million acres of federally owned land in Alaska—an area the size of California—will become new parks, wildlife refuges, wilderness areas, and wild and scenic riverways. Alaska already has 12.5 percent of its 375 million acres set aside for such purposes; the Lands Bill would boost that figure to *39 percent.*

Obviously, the land in question is of immense national interest, not only for its wild quality and the purity of its beauty, but also for its commercial potential. Alaska is hardly the "sucked orange" the *New York World* called it in 1867. Its boundaries enclose the country's last remaining stretches of true wilderness. They also contain valuable reserves of gas and oil, lumber, gold, silver, uranium, coal, and other natural resources required by an industrial economy.

Somewhat logically, then, the issue has been represented by the national media as a classic confrontation of environmentalist and businessman, of bleeding-heart conservationist and hard-nosed pragmatist, of land preserver and land destroyer. Both "sides," in fact, still are engaged in the battle for Alaska's lands. Powerful lobbies oppose each other in Washington, DC. But while these polarized and monied special-interest groups compete for attention in the halls of Congress, the people of Eagle and other bush communities in Alaska believe they have been neither listened to nor understood, and they are very disturbed about it.

"The real fight," Jack Boone says, "is over which politically powerful group gets the ability to destroy the land.... The individual comes off very poorly in this whole thing."

The state of Alaska agrees with him. "Let Alaskans continue their traditional lifestyles," says one of the state's ads (part of a $110,000 campaign) urging people across the nation to put pressure on their senators to turn down the measure.

Richard St. Clair

Overlooked in the struggle between business interests and environmentalists, Alaska's rugged individualists are fighting for survival.

BY CHUCK HOUSE

THE UNBRIDLED LIFE

The lure of Alaska has been strong over the years to those who find the restrictions of modern society hard to bear. Alaska is the last American frontier. With its population of less than half a million and its vast stretches of wilderness, Alaska offers freedom of a sort impossible where the confluence of humanity results in the imposition of societal rules and regulations.

The unusual liberties Alaska's wilderness permits are not taken lightly in most quarters of the state. They are cherished. In many cases, the opportunity for independence is precisely what lured settlers to the land in the first place.

Eagle rests gracefully along the banks of the Yukon River about 12 miles from the area proposed as Yukon-Charley National Park. Historically, that land has been open and free. During the era of the gold rush, miners panned for colors in the same streams where a new generation of miners still seeks the same fortune. Hunters and trappers strong enough to confront the anarchic terrain and the fiercely cold winters have traditionally sought the caribou, the wolf, the grizzly, and the moose that still roam this deeply wild land.

For a century, men and women have come to the Yukon and the surrounding wilderness seeking sanctuary from the concoctions of civilization. For a century, the land has been open and available, stretching over the spruce-covered mountains like a tremendous personal opportunity—the opportunity to live freely in the heart of nature, to practice self-reliance of the truest sort, to evolve with the simple force of the seasons, to purify the city-battered spirit.

Obviously, a legislative conclusion dealing with the "protection" of more than 100 million acres will diminish the scope of that traditional opportunity. Right now, for instance, the few people living in Yukon-Charley are being told by the Interior Department to get out.

Of course, not all of Alaska is going to be set aside. But that's not the point, say some Alaskans; a legislative conclusion will diminish the opportunity for frontier-style freedom more than statistics suggest.

Boone, for instance, claims that one can succeed in the Alaskan frontier only on the best land. There must be water and wood and fish and game in relative abundance. Naturally, the best land is also sought by the federal government for parks and wildlife refuges, wilderness areas, and wild and scenic riverways.

"They are shutting off the only practical land for this type of life," Boone says. "They're taking 100 million acres of the best land in the state.... We can live on it for the same reasons they want to make it parkland. This is it. There is nowhere else in this country."

THE BIGGEST DEVELOPER

Hostility toward the National Park Service is all but tangible in Eagle. Signs posted in 25 sites about the town (population 120) indicate that the prospect of Yukon-Charley is not taken lightly.

"Due to a low popularity rating, the Park Service show in Eagle has been permanently cancelled," one sign says. "Don't let Park Service into the country," says another.

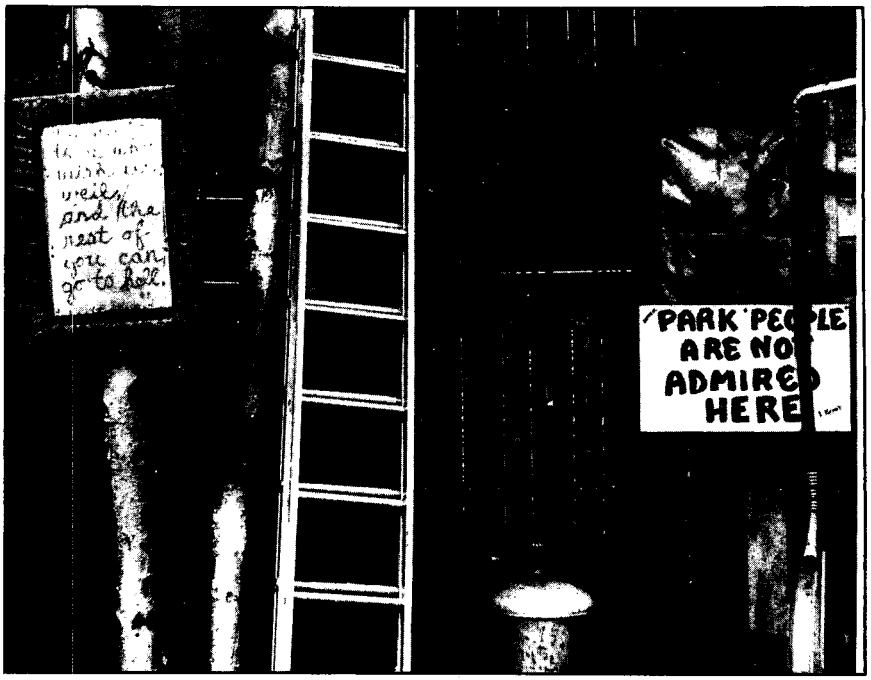
If the creation of a new national park seems like a certain way to preserve a wild environment in the vicinity of most cities, it seems just the opposite in Eagle, where residents fear that development and restrictions will ultimately follow.

"If they made a park here it would completely ruin our lifestyle," says Jeff Austin, Eagle's mayor. "I was overjoyed when I came to Alaska. It felt like home.... Now they want to turn it into a commercial Disneyland or something.... The Park Service is like a big corporation, a big development company, and this is one area they'll start promoting.... Why can't they leave some place for people who want to get away?"

Austin and others familiar with the tourist facilities and the development of central Alaska's Mt. McKinley National Park worry that similar development will evolve near Eagle if Yukon-Charley becomes a national park.

"Visitors are always welcome," Austin says. "But if they make a park here, people will start expecting things. They'll want restaurants and parking lots.... Then, once the river is full of people they'll tell us 'no firearms.' Park Service people won't want to sit in outhouses when it's 30 below. They'll want fancy houses, sewers, and all of that just like at McKinley.... A park here would totally destroy what we came here for.... Don't we have the right to be left alone?"

For a century, the land has been open and available.



"You don't take away somebody's lifestyle for no good reason and then expect support for your program."

Environmentalists, of course, have no desire to destroy lifestyles. Their interest is to protect forever tracts of wilderness from what some believe to be the inevitable onslaught of commercial development.

US Rep. Morris Udall (D.-Ariz.), a leader of the environmentalist approach to Alaska's lands, put it this way: "Have we been sufficiently enlightened by our past mistakes in the 'lower 48'? Or have we forgotten the lessons of Appalachia, the devastated landscapes, the 500,000 miles of once pristine rivers now rendered useless? Have we forgotten the timber barons of another era who left us with millions of acres of denuded forests? Have we forgotten the buffalo whose limitless number were decimated to the brink of extinction in one short decade?... I would like to think that we have learned."

Eagle residents, however, are quick to dispute the premise that what happened in the rest of the country is bound to happen in Alaska, where many came to live intimately with nature. They are also quick to dispute the premise that only land "protected" by the federal government will survive destruction.

"Outsiders look at it as 'development' or 'park' with no in-between," Austin said. "For 100 years people have been living on this river and it's still good enough to be considered for a national park. We've proved we're not hurting the land.... The Park Service will turn over more ground for parking lots than any of us here ever have for anything. Why can't they leave us alone?"

To oppose Yukon-Charley, the Eagle City Council has voted unanimously not to recognize any new national monument in Alaska. (There are 17, created in December 1978 by presidential proclamation.)

Letters of protest have been sent to Paul Harvey, *Time* magazine, the Associated Press, and President Carter. "We consider ourselves an important minority," one letter to Carter states. "We feel that Americans who live in a manner as we do are more nearly extinct than many species of protected animals."

NOT TO SURRENDER

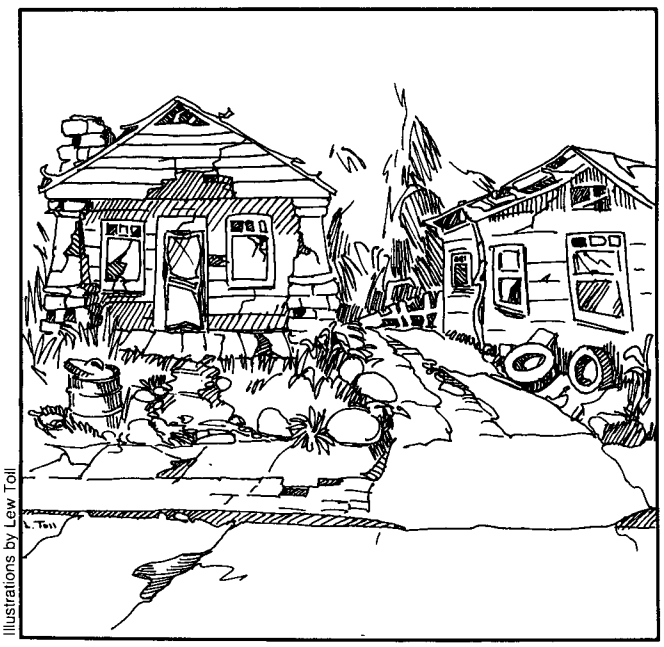
Boone predicts violence. It may be awhile before anyone is shot, he said, but if the Park Service tries to establish headquarters in town, someone is likely to burn the building down.

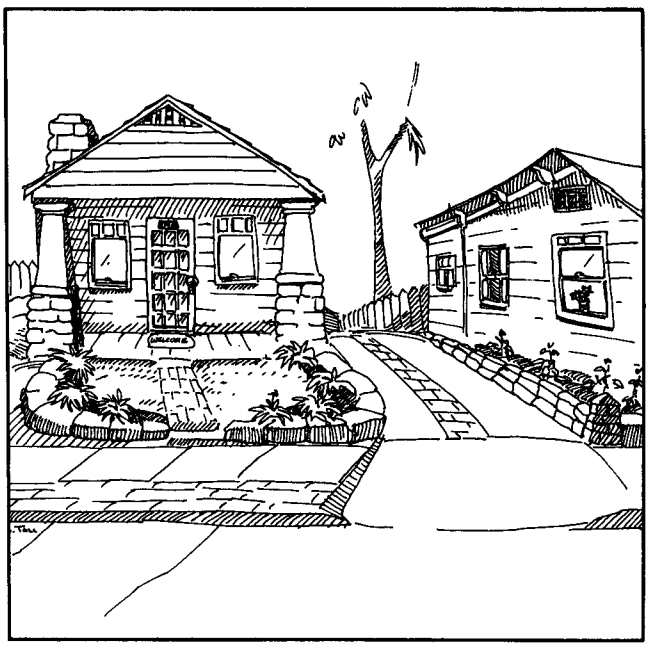
"Definitely there will be violence," he said. "You don't take away somebody's lifestyle for no good reason and then expect support for your program. It's inevitable."

Of course, Eagle is not the only community in Alaska whose residents regard legislative proposals as direct threats to their freedom and their way of life. Hostility toward the Park Service is common. People vow to disobey Park Service rules, and Boone is not the only one to predict violence.

Bob Gilbertson lives in Cantwell, a (*Continued on p.37.*)

SALVAGING OUR CITIES





Illustrations by Lew Toll

By Stuart M. Butler

Instead of massive urban renewal programs, why not create pockets of prosperity by repealing taxes and regulations?

INNER-CITY DECAY is an international problem. It is rare to find a major city in western Europe or the United States without a district that is totally run-down and lacking in amenities, industry, and even adequate population. In some cases these districts cover the very heart of the city and are symptomatic of the decline of an entire region. The economic and social consequences of this inner-city decline are everywhere severe.

Legislators have not been unaware of this problem. On both sides of the Atlantic various controls, subsidies, and government projects have been implemented in an effort to revitalize industry in the inner cities and to improve the standards of housing and other necessities. Few observers would dispute, however, that these programs have rarely been effective in dealing with the problem. Invariably, large amounts of taxpayers' money are spent to set up urban renewal agencies and development committees, who then proceed to allocate larger amounts of money to subsidize construction projects that do little even to slow down the decline, let alone reverse it.

Minimum-wage laws and other controls, intended to keep the working population within the cities, have produced no better results. In the case of minimum-wage laws, the only effect has been to make young, unskilled workers less attractive to employers, leading to an increase in unemployment among young blacks and hence to a worsening of the economic and social structure within the poorer areas of the major cities.

Rent control has also made the prob-

lem more acute. The intention of the policy has been to make it more economical for low-income families to live in the cities, by holding rents below the market level and giving tenants better security of tenure. Yet the result of the legislation has simply been to make private renting uneconomical for the landlord, thus reducing the supply of housing coming onto the market. Not only does a shortage develop, but the low rents deny landlords the income required to maintain housing units at a reasonable standard—and this contributes to the spiral of urban decay.

The traditional response to the failure of these programs and controls has varied little—whether it be in London, Naples, or New York. If the present level of aid to the cities does not achieve the desired results, the argument goes, then obviously *more* aid and *more* programs are required.

But recently a totally different—indeed opposite—approach was put forward in Britain by two men of widely differing political views. The first is a socialist academic, Prof. Peter Hall, of Reading University. The second is Sir Geoffrey Howe, chancellor of the exchequer in Margaret Thatcher's Conservative government.

The proposal is very interesting for two reasons. It emanates from a country where orthodox opinion normally calls for increasing government intervention in an effort to solve urban problems. For a leading authority on planning and urban economics and the economics spokesman for a major political party both to support a roll-back of the State is an important development. In addition, the causes of urban decay in Britain and America are sufficiently similar to allow possible solutions voiced in Britain to be given serious consideration in the United States.

FLEEING THE US CITIES

Several factors have contributed to the inner-city crisis experienced by many cities on the eastern seaboard and elsewhere. The decline of the older, heavier industries and their replacement by high-technology businesses has been a significant influence. This development has been accompanied by massive government programs to expand and improve road facilities, leading to industrial decentralization and an exodus of workers from the centers of the older cities. This trend has been very marked and very damaging to the inner-city areas. Between 1970 and 1977 the population of the major US cities dropped by 4.6 percent compared with a growth in the suburban population of 12 percent and a 10.7 percent increase in those living outside the metropolitan areas.

The population leaving the cities tends to be more skilled and affluent, seeking the opportunities and quality of life available in the suburbs and beyond. In consequence, the population remaining in the inner-urban districts consists of a higher proportion of unskilled workers and low-income families. Families headed by women, for example (a group that tends to have low income and social problems), reached 20.7 percent within the cities by 1977, compared with just over 10 percent in the suburbs. And of the total population of poor people in the United States, the proportion living within the major cities rose from 34 percent to 38 percent between 1970 and 1977.

Other factors have accelerated the decline of the older cities. Finance has become a chronic problem in New York, Cleveland, and elsewhere—aggravated by the erosion of the tax base due to the movement of population to the suburbs. This has usually forced city governments to cut back basic services and protection in the inner areas, which has, in turn, led to the attractiveness of the districts declining even further and hence to further depopulation. The social problems produced by this vicious circle have now created a picture, in the minds of many people abroad, of American cities as synonymous with squalor, chaos, and crime.

For every piece of legislation designed to lure businesses into the cities, several others serve only to drive them out again.

BRITISH GHOST TOWNS

Cities in Britain and the rest of Europe face difficulties very similar to those in the United States. It is true that the city population in Europe has been traditionally more stable and immobile and that this, together with the more steady growth they have experienced, has enabled them to escape some of the unpleasant side-effects of immigration and rapid social change felt in America. Nevertheless, the decline of major sections within cities that were once the powerhouses of Europe's economy has given rise to increasing study and concern.

The situation in Britain's cities is typical of Europe and starkly similar to that in the United States. Industrial change lies at the heart of urban decay. The key industries of earlier times—shipbuilding, heavy manufacturing, etc.—have suffered substantial cutbacks during this century, and so have the older service industries, such as railroads and the docks. In some cases, as in Liverpool and Glasgow, the decline of these industries has depressed the whole region. Elsewhere, the older industries have been replaced by new ones outside the central urban area, drawing resources and skilled labor from the inner districts. These new industries (such as automobile manufacturing, electronics, and chemicals) have no economic need to be based at the heart of major centers of population. Indeed, the superior communications and other facilities available elsewhere contrast with the congestion and other drawbacks of the older cities.

Disturbing though the decline of the heavy industries has been, an even more damaging trend has been the loss of *small* companies from the center of Britain's cities. In the East End of London, and at the heart of many other cities, a small workshop district was once a common sight. This is no longer the case.

As in the United States, these industrial developments have resulted in a movement of skilled workers to the suburbs and smaller towns, and so the inner-city areas now have a high proportion of semiskilled, unskilled, or unemployed people. In 1971, for instance, unskilled and semiskilled men accounted for 38 percent of the labor force in inner Birmingham, 35 percent in inner Manchester, and 34 percent in inner Glasgow, compared with 23 percent nationally. A very high proportion of those leaving these areas continues to be skilled or managerial workers. Between 1966 and 1971, for example, only 16 percent of net migrants from Manchester were semiskilled or unskilled; from Birmingham the figure was only 15 percent.

The economic decline of the inner cities in Britain has led to serious social problems. Population movements have resulted in the collapse of many local communities. The overcrowding evident during London's tourist season masks the fact that between 1966 and 1976 inner London lost 16 percent of its population. The same trend is noticeable in other major cities. During the same period Manchester lost 18 percent of its population, Liverpool 22 percent, and Glasgow 21 percent.

Large areas within the inner cities are now virtually devoid of population. In

Liverpool, for instance, some 11,000 acres, or 15 percent of the total inner-city land, lay vacant by the end of 1976. A decline in the standard of housing has accompanied the loss of population, as has an increase in vandalism and violent crime. Statistics for violent crimes show an alarming increase in Britain, and there is pressure on the authorities to allow policemen to carry firearms on more numerous occasions. It has been a source of pride in Britain that the police do not carry guns on regular duty, but the use of guns by policemen on special duty tackling violent crimes has been increasing in recent years. As an American journalist noted recently, the change in the atmosphere in London is quite distinct:

> *The old feeling that people could wander anywhere at any hour without risk is no longer true. Many residents regard some districts populated by immigrants as "no go" areas after dark.*

The causes of this violence are complex, but the frustration resulting from high unemployment and poor housing has undoubtedly been a major factor. And racial intolerance has also increased, as the traditional population finds itself in competition with colored immigrants for housing and a decreasing number of jobs.

COSTLY FAILURES

Local and national government have proven themselves singularly ineffective in dealing with inner-city decline in Britain. All too often the policy has consisted merely of tearing down whole areas of poor housing and then leaving it derelict for want of money or decisive action. New projects funded by the government invariably become enmeshed in red tape and the conflicting goals of rival departments, and when they are completed they rarely achieve the desired results. As Sir Geoffrey Howe has commented:

> *Successive governments have introduced Bill after Bill and shuffled the same amount of money from one new, fashionably-named urban program to another. But all attempts at reform seem only to multiply the bureaucracy. The Department of the Environment Report on Birmingham's Inner Area is at its most characteristic with its proposal "to give initial momentum to industrial investment" by the establishment of a "multi-authority interdepartmental steering committee under the chairmanship of the Department of Industry, the county, or district as appropriate."*

The national government in Britain now provides over $12 billion a year in financial assistance to local governments, meeting well over half their budgets, and much of this is directed into the cities. In addition to this form of revenue sharing, various subsidies are provided to encourage industry to move to the decaying areas. Yet this level of expenditure has had little noticeable impact on the inner cities. In particular, it has failed totally to encourage any significant number of small, innovative businesses back into the cities. Many claim that the principal reason for the failure is that, for every piece of legislation designed to lure businesses into the cities, there are several others which serve only to tax, control, or otherwise drive them out again. Sadly, this has meant that the small entrepreneurs—the businessmen who take the lead in the generation of new ideas—remain a dying breed in the areas where they are needed most.

Perhaps the only "effective" policy undertaken to deal with the urban problem has been rent control, but unfortunately its effect has been the exact opposite of that intended. Conceived in part as a means of enabling working people of low incomes to afford accommodation in the inner cities by enforcing a rigid ceiling on rents, the policy has only resulted in the total collapse of the private rental market and the acceleration of the physical decay of inner-city housing.

American attempts to solve the urban crisis have been similar to those undertaken in Britain, and they have been just as expensive and ineffective. Fortunately for the United States, rent control is not as pervasive as it is in Britain, but in cities where it has been introduced, the results have been the same.

When government intervention has failed to solve urban decline, the cry has been for more money, more regulation.

As in the case of Britain, the reaction to urban decline has been ever-louder demands for government intervention. And when such intervention has resulted in failure, the cry, as ever, has been for *more* money, *more* regulation.

President Carter's urban policy, announced in March 1978, is sadly typical of a well-meaning approach that has already met with little success in many other countries. The assumption throughout is that a sufficiently large amount of money targeted sufficiently accurately must surely solve the problem. Yet federal aid to the cities had already reached $5.4 billion by 1977 with little impact on urban decline. Just how much *is* required?

ENTREPRENEURIAL OPENING

Although the orthodox view continues to be that the solution to the urban problem must involve finding just the right mix of controls, subsidies, and plans, a growing number of authorities is arguing that what is really required is a complete reversal in the whole direction of policy. These authorities contend that the bureaucratic approach to inner-city problems drives away the very people who are most likely to revive the depressed areas—the entrepreneurs.

One of these experts is Prof. Peter Hall, a distinguished socialist academic and a specialist in urban affairs. As Professor Hall has argued:

> *What is necessary is to find new sources of innovation and enterprise, to replace that which is gone forever. . . . The city was always a seedbed for innovation, for new development impulses. Some enterpreneurs succeeded and grew large. As they did they (often) took their business out of the city in search of larger scale, rationalized production processes. Others stagnated or even died; but there were always others to take their place, and again some of those would succeed. Now we have succeeded in killing off an abnormal proportion, and too little innovation is happening to fill the gap. The job is to discover how to get the innovation going again.*

Hall contends that the failure of current inner-city policy is due in large part to a tendency of bureaucrats to concentrate on preserving ailing, outmoded industries and to their insistence on constructing low-income housing in a vain attempt to retain workers within the cities. Paradoxically, he argues, the best way to give new life to many cities would be to encourage small, science-based companies employing highly skilled people, who would in turn create a demand for a wide range of jobs (in the service sector, especially) for large numbers of semiskilled and unskilled workers.

Hall points out that at the turn of the century many of the technically most advanced precision and scientific industries were small-scale inner-city workshop concerns. But these industries are highly footloose and are attracted to amenity-rich areas, suitable for a well-educated and cultured workforce—

hardly the environment to be found in most contemporary inner-city districts. As Hall notes, science-based industry

has recently shown very little affinity for urban areas, especially inner ones. It may go to the outer fringes of the more attractive and growing metropolitan areas—Los Angeles, San Diego, Dallas, Atlanta. Or it may go into the smaller towns. The people who are needed to man it are both scarce and mobile, and they go where they please; industry follows them. The only way we are going to tempt it back into the cities, if at all, is through a very imaginative program that deliberately caters to the whims of such people. That means the creation of high-amenity environments... plus adjacent high income housing schemes, plus motorways for them to drive their cars from the outer suburbs. All of which is rather a long way from the policies of many local councils in British cities.

HONG KONG TRANSPLANTED

Hall readily concedes that the creation of the amenities required to attract such high-technology industries may not be feasible in many British (and American) cities. The social structure and cultural framework of the city might make it very difficult to construct a more attractive inner-city district without social disruption and political opposition. For cases where there are such obstacles, he suggests another, and more radical and imaginative, approach that would have its greatest effect in the most depressed and culturally depressed areas. This is the so-called freeport solution. According to Hall, this would be, in essence,

an essay in non-plan. Small, selected areas would be simply thrown open to all kinds of initiative with minimum control. In other words we would aim to recreate the Hong Kong of the 1950s and 1960s inside inner Liverpool or inner Glasgow.

The freeport concept would involve three key elements:

- The encouragement of entrepreneurship and capital formation. The specified areas would be made free of national-exchange and customs control, and foreign capital would be welcomed. All goods could be imported and sold free of duty, and it would be legal to export them from the freeport area also free of duty (perhaps after reprocessing and assembly). Areas of this kind do already exist in, for example, the Canary Islands and Shannon airport in the Republic of Ireland.
- These areas, he argues "would be based on fairly shameless free enterprise." They would be free of taxes, social services, and industrial and other regulations. Trade unions would be allowed, but the closed shop would be banned. Wages would reach their own level by the normal processes of bargaining.
- Residence in the area would be based on free choice. Existing residents would be free to leave or to stay under the new system of deregulation, low taxation, and low social benefits.

Hall sees the freeport approach as "an extremely drastic last-ditch solution to urban problems," which should be adopted only on a small scale in "inner-city areas that are largely abandoned and denuded of people, or alternatively areas with very grave social and economic problems."

The solution undoubtedly merits serious consideration in the case of certain American cities—for instance, New York. There is little doubt, of course, that any move to make part of New York City into a freeport area would encounter fierce opposition from competing business centers, but then any selective assistance would meet criticism from cities that were denied help. Yet from a cost-benefit standpoint, it is certain that the freeport solution would provide a far more dramatic and lasting boost to the economy of cities such as New York than any amount of grudgingly given state and federal handouts.

FREE-MARKET EXPERIMENT

An alternative idea to the freeport concept—and one that might have more general attraction—was put forward recently by the British Conservative Party's chief economic spokesman, who is now chancellor of the exchequer, Sir Geoffrey Howe. Sir Geoffrey's proposal would not involve an emphasis on international trade.

Rather the idea would be to set up test market areas or laboratories in which to enable fresh policies to prime the pump of prosperity, and to establish their potential for doing so elsewhere.

The enterprise zone, as Sir Geoffrey has called the areas he proposes, could be combined with a freeport in suitable cases, but it would not be a necessary condition. The idea would be to designate four or five depressed inner-city areas to begin with and to relax controls with a view to giving the zones as much freedom as possible, so that businesses within them could make profits and create new employment. The aim, then, would be to set aside areas where the innovative capabilities of free enterprise would be given an opportunity to tackle the problems that the bureaucracy has failed to solve and where it could do so under what would be, in effect, laboratory conditions.

The basic features of an enterprise zone would be as follows:

- Planning controls of almost every kind would cease to apply in the designated areas. Providing the building met the most basic regulations regarding pollution, health, and structural safety and was for a legal purpose, it would automatically be allowed.
- The city council would be required to sell, by auction, all land it owned within the designated area of the city.
- Entrepreneurs moving into a zone might be granted a reduction in their property taxes; they might even be given an exemption from such taxes for a specified period.
- Businesses in the zones would be given a guarantee that tax laws affecting investment, depreciation, etc., would not be changed to their disadvantage.
- Certain legal obligations on companies would be suspended within the zones. For example, legislation controlling prices or wages would no longer have effect. Similarly, rent control would cease. On the other hand, no company entering a zone would be eligible for any subsidy, grant, or any other form of government assistance whatsoever.
- All the conditions mentioned would be guaranteed for a stated and substantial number of years.

Sir Geoffrey's concept of enterprise zones is arguably the most important proposal on urban problems to be put forward in many years. It is an idea with several very significant implications.

FREEDOM IN COMPETITION

The existence of small zones where new approaches would meet no obstacles would give a major stimulus to the development of new ideas to recreate prosperity in the older cities. It would become worthwhile for those with innovative minds to turn to the problem of the inner cities.

The enterprise zone would enable trial and error, the creative mechanism of the free-enterprise system, to address the complex problem of urban decline. History has shown that bureaucratic planning is unsuited to the task. It is impossible for an urban plan, no matter how carefully or brilliantly conceived, to allow for all the contributory factors or to deal with all unexpected changes in cir-

cumstances and patterns of choice (the very fact that they *are* unexpected will rule out the inclusion of corrective features in the plan).

The enterprise zone, however, does not depend for its success on the perfect analysis of the factors at work. Instead, it depends on the foresight, hunches, and inspired guesses that form the basis of entrepreneurship. By this process, where the reward of success is profit, the prosperity of a community arises from continuous experimentation within a competitive framework. The potential of this process as a means of solving problems is logically superior to bureaucratic planning.

Enterprise zones would provide a valuable testing ground for comparing different economic and social systems. As Sir Geoffrey points out, there would be no reason why various groups, such as communists, anarchists, libertarians, or religious sects, should not put their philosophies into practice in areas within the enterprise zones. The outside observer would then be able to judge which is the most efficient in dealing with the problem of the city—or, for that matter, other issues. Such practical testing would provide a far better comparison between rival approaches than any number of debates in our universities.

There can be little doubt that those who oppose the steady encroachment of government into every aspect of life would welcome the opportunity to demonstrate the benefits of free enterprise under the "test-tube" conditions of an enterprise zone. And if the zones did, indeed, result in major improvement in the cities where they were introduced, pressure would mount in other cities for the creation of enterprise zones, with their accompanying decontrol. As the London *Daily Telegraph* noted in an editorial:

> *What is likely to be the fiercest objection to Sir Geoffrey's scheme best exposes its attraction. Other parts of the country, it will be said, would immediately clamour for similar treatment....Indeed they would. But whereas competition for development area status means competing for more subsidy and more bureaucratic manipulation, competition for "enterprise zone" status would mean competing for the enjoyment of less of both, making freedom infectious. What could be wrong with that?*

GETTING STARTED

The notion of the enterprise zone is well suited to the United States. The philosophy of experimentation and reliance on individual initiative is well rooted in the American way of life. Not surprisingly, there has been considerable interest in the idea since first introduced in a Heritage Foundation publication last year. A bill was introduced in Illinois, for example, that would have created enterprise zones along the lines discussed above. It passed the lower house comfortably and was only narrowly defeated in the senate after intense opposition by the city council of Chicago, which evidently did not relish the possibility of losing control over parts of its domain. A similar bill will be introduced again soon, aimed at dealing with the principal objections without removing the essential features of the enterprise zone concept. The Illinois episode is particularly interesting, since it involved a northern, industrial, and heavily unionized state. If a bill were to be introduced in a southern state there might well be a favorable outcome.

On the national level, measures are being introduced in Congress to facilitate the creation of zones and to suspend the appropriate federal laws. For the most part, zoning restrictions, property taxes, and certain business taxes and regulations are purely state and local responsibilities. The states would specify the geographic limits of each zone and pass legislation dealing with property and state business taxes, zoning, and state minimum wages. Congress, on the other hand, would pass more general measures, suspending federal laws and agency regulations within the areas designated by the states. Federal action would, in each case, be contingent upon the state complying with criteria concerning the location of enterprise zones and the state and local laws to be suspended. Only if the zones created by the states met these necessary requirements would the federal exemptions apply.

The enterprise zone concept is a bold and exciting departure from the usual approach to the problems of inner-city decline. No new bureaucratic monster would be created, nor would it be the start of yet another flood of taxpayers' dollars with very little tangible effect. Instead, it would at last allow the innovative genius of the small entrepreneur to be turned to the problem. Private money would be risked, and real, productive jobs would be created. And it would provide another opportunity for private enterprise to step in and clear up a situation where government action has been a dismal failure. ◻

Stuart Butler, an economist, taught at Hillsdale College from 1975 to 1977 and now is a policy analyst with the Heritage Foundation. An earlier version of this article was published by the Heritage Foundation.

House

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small town adjacent to the proposed addition to Mt. McKinley National Park. Gilbertson, president of a group called FORCE (Federally Oppressed Rural Citizens for Emancipation) also believes violence is likely.

"You don't live in Alaska without being a conservationist," Gilbertson said. "We take responsibility for our lifestyles up here. We are not ready to take orders from any son of a bitch who doesn't know a damn about the way we live. We are just not going to put up with it....If Congress doesn't come to its senses, it is probable this will end up in an armed rebellion....We are just not going to get pushed any farther."

In Bettles, a community near the proposed Gates of the Arctic National Park, residents asked all Park Service employees to leave town.

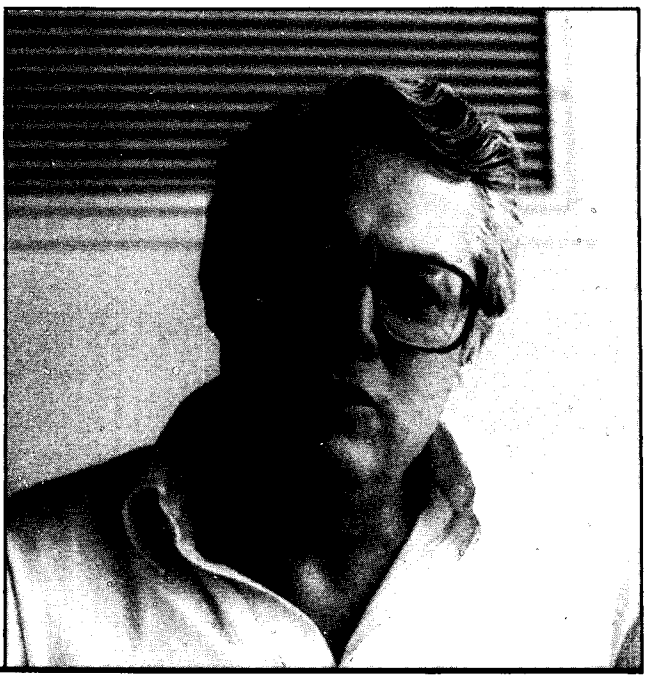
Vernon Wickham, an organizer of a protest that drew an estimated 3,000 people to Cantwell last January, believes Alaskans will not abide by the rules and regulations expected to follow an act of Congress that will intimately affect one-third of their state.

"We're going to use that land just like we always have," Wickham said. "Hunting, fishing, cutting our firewood. And it's going to be that way all over the whole damn state."

The issue of Alaska's land is a complex matter that obviously arouses strong feelings. To many, Alaska represents America's last chance to protect a truly wild land. To business, of course, Alaska is a state of untold material wealth that one day may be needed by a country already running short of natural resources. But to others—the people of the bush—Alaska represents an opportunity for freedom that Americans must never surrender. ◻

Chuck House is a former reporter and editor for newspapers in Wisconsin and Texas. He is now a free-lance writer. He traveled in Alaska with free-lance photographer Richard St. Clair while working on this story.

The defense expert fired by Nixon explains why military budgets are still too high.



REASON INTERVIEW:

ERNEST FITZGERALD

Ernest Fitzgerald became a household word in 1968 when he blew the whistle on a $2 billion cost overrun on the Lockheed C-5A cargo plane contract—an overrun that the Air Force had been covering up for several years. For his troubles, Fitzgerald was called on the carpet, stripped of meaningful work, and in 1970 fired by Air Force secretary Harold Brown.

When Fitzgerald talks about wasteful defense contracting practices, he knows whereof he speaks. With an engineering degree from the University of Alabama, he helped start an aircraft modification firm in Birmingham, serving as quality control engineer while taking graduate courses in mathematical statistics. That led to an industrial consulting job with Arthur Young & Co., one of the nation's largest CPA firms. After five years of helping the firm's clients with cost-control problems, Fitzgerald went into business as an independent consultant. Three years later he "got sweet-talked into going into the Pentagon."

Fitzgerald did not take his subsequent firing lying down. While working at several part-time jobs on Capitol Hill (including a stint with the National Taxpayers Union), his attorneys fought to have him reinstated, donating services worth more than $250,000. But Fitzgerald's December 1973 victory in that battle has proved a hollow one. Though restored to his job, he is black-balled within the Pentagon, given little meaningful work to do. This has occurred despite 1976 presidential candidate Jimmy Carter's invocation of Fitzgerald's case as an example of the need for more openness and honesty in government. Of course, that was before Harold Brown—who had fired Fitzgerald—became Carter's secretary of defense.

Fitzgerald has been in the news again recently because of his current lawsuit. As an outgrowth of the Watergate affair, one of the White House tapes was found to contain a discussion in which Nixon—allegedly referring to Fitzgerald—exclaimed "I said get rid of that son of a bitch," and further explained, "Have the most godawful gobbledy-gook answer pre-

You didn't have to be much of an engineer to stand beside the airplane and see these wrinkled skins and popped rivets and things like that and to say, "Well, we have a problem."

pared. Just put it out on executive privilege. . . something that will allow us to do everything we want." The $3.5 million civil damage suit names Nixon and aides Bryce Harlow and Alexander Butterfield and is scheduled for trial this June.

Meanwhile, the C-5A—which ended up costing $61.7 million apiece instead of the planned 28.3 million—has developed a new problem. Its wings have begun failing after only 8,000 flight hours. The Air Force has obligingly given Lockheed a new multimillion-dollar contract to replace the wings with new ones that can last for the plane's full 30,000-hour design life.

REASON interviewed Fitzgerald last fall when he was in Los Angeles to address the Libertarian Party convention. Anticipating the growing pressures for increased defense budgets, we wanted his insights into how well—or poorly—our defense dollars are being spent. Interviewer Robert Poole, himself a former aerospace engineer, began by asking Fitzgerald about the C-5A episode.

REASON: When did you go to work for the Defense Department?

FITZGERALD: I went to work for the Air Force the same day that this brilliant young guy became secretary of the Air Force. His name's Harold Brown.

REASON: Our current secretary of defense—was he one of McNamara's whiz kids?

FITZGERALD: Yes. He'd been head of Defense Research and Engineering until then, and in the early days I thought he was going to be just what we needed. I got along fine with him up until the time of my C-5A testimony.

REASON: How long had you been there before the whole C-5A situation came to your attention and you decided to do something about it?

FITZGERALD: Well, it came to my attention immediately because the contract was let just about the time I went into the Pentagon. It was to be our model of procurement. All of the past problems were going to be worked out. By January of 1966 I knew that wasn't true. And it went downhill from there. Late in 1966 I made a series of inspection trips to the plant where it was being built because my misgivings had grown. Actually, that was when the whistle was blown on the C-5, and I didn't do it. My sidekick, Colonel Joe Warren, did it, and he wrote just a marvelous report on it. It's so good that I put the entire letter that he wrote as an appendix in my book, *The High Priests of Waste.*

REASON: Did you suspect at that time that it was a $2 billion overrun?

FITZGERALD: It was clear by then that it was a disaster. The only question was how big a disaster it would be. The thing went underground, and we were more or less cut off. Joe got fired; he had been disgusted with the procurement business for a long time and had been sort of searching around. Some years before he had expressed an interest in being an air attaché, particularly in London or Paris. That was forgotten until all of a sudden he began blowing the whistle on the C-5. Joe was found to have, within days after he delivered this letter, absolutely unique qualifications to be air attaché to Addis-Abbaba. They said, "Joe, we need you in Ethiopia. You gotta go." At that time I was still in good stead in the Pentagon, so we pulled a few strings and got him assigned to the secretary of defense's office—kept him from going to Ethiopia, but that was the end of his career. At any rate, it was two years after that before I testified.

REASON: What was the basic reason for those costs growing out of sight?

FITZGERALD: Well, there were a number of reasons. The things that I found right off the bat were just mundane accounting and cost-control things. The skill mix was wrong—they put too many high-graded people on compared to their estimate, so their direct labor rates were exceeding the projections. Overhead, general and administrative expenses, had gone out the roof, and then we began slipping engineering milestones. By the late part of 1966 we learned it had started all over. Now, design cycles, as you know, are not as long as pictured in the public mind. It really doesn't take five years to design an airplane. You know, it goes right ahead once you farm the work out. Well, they were bending metal—making airplanes—and starting all over on design, simultaneously. We found that the wings were being designed on contract in England.

REASON: This is the wing that they're now having to replace because it won't last the life of the plane?

FITZGERALD: That's right. As a matter of fact, the cost estimate for the wing fix is growing, and the wings are not all that's wrong with the airplane either. Jack Anderson had a series of exposés this past July. Almost everything went wrong.

REASON: Was the basic problem McNamara's procurement method, or was the company taking advantage of the situation to add all kinds of spurious costs?

FITZGERALD: Conceptually, there was nothing wrong with the approach that McNamara and his people pushed: the so-called total package contract for a cargo airplane. I mean, it really was not that much of a marvel, you know. It was bigger and fatter than a C-141, but it was pictured and projected as a

With competent people doing what we called "should cost" analysis, we came up with averages of 30 percent that could be taken out of the procurement budget without any fundamental changes.

blown-up C-141. The C-141 was a workman-like airplane. But they had made a mistake in the cross-sectional area of the C-141's cargo bay. It was what the designers call cube-limited—it could carry a lot of weight but not much volume; it needed to be fatter, wider, and taller. So that's where the design for the C-5 came from, the world's fattest plane. But other than that and a few gimmicks such as kneeling like a camel and castering landing gears, it's what the jargonists call "state of the art." But Lockheed Georgia had really never designed an airplane right from scratch except for the C-141, and *it* wasn't too hot, either. And when they farmed out part of the design, all the things that they got into, then covered up the problems...

REASON: Was it primarily Lockheed that covered up?

FITZGERALD: They and the Air Force. And the Air Force is responsible. You know, I found that large contractors as well as small ones eventually do what the customer wants. You know, they might fuss, kick, scream, or something, but they eventually do what the customer wants. And I think the cover-up was a combination of pride on the part of people in the Air Force and then, once it became serious, the problem it became for the financial community.

REASON: Because of Lockheed's own financial problems?

FITZGERALD: Their exposure. Shortly after the C-5 was started, Lockheed started the L-1011 commercial transport, and the amount of money they had to raise to finance it was so great that it was a consortium of 24 banks which put together the financing, and that went sour too. It's a combination which I've described in *The High Priests of Waste*—of the disaster on the C-5, disaster on the L-1011, disaster on the Cheyenne helicopter, disaster on the SRAM motor, disaster on the shipbuilding contracts. Everything just came down on them at one time. The simple reason for it is bad management.

REASON: And then because of the financial community's worries, it became *de facto* Pentagon policy to help cover it up?

FITZGERALD: Yes, exactly. After I testified in 1968 the cover-up continued, particularly the technical cover-up. See, even after it became obvious that the costs were going to be exceeded, they kept trumpeting the technical excellence, which was just absurd.

REASON: But you and the people in the Pentagon knew that.

FITZGERALD: Well, yes, of course we did. We were cut off from reports, at least the critics were, but all the signs were there. You didn't have to be much of an engineer to stand beside the airplane and see these wrinkled skins and popped rivets and things like that to say, "Well, we have a problem."

REASON: What was it specifically that made you decide to go to Congress with the story and testify?

FITZGERALD: Well, I didn't really decide that. I just sort of fell into it. I'd been invited to have lunch with two staffers on the Joint Economic Committee who were planning hearings into the economics of military procurement. Meanwhile, the staff began nosing around on specific programs, and they were steered to the C-5 by people in the office of the secretary of defense. They said, "If you want to see the right way to do it, go to this one."

REASON: Now, were these people naive—they just didn't know at that point?

FITZGERALD: They knew about it, but they thought they could con them. They couldn't. The problem was growing so large that it was going to be difficult to keep under wraps forever anyway, but we were coming up on a crucial decision point in the program. It turned out that the exercising of the order for the second batch of planes triggered a repricing formula which, had it been allowed to run its course, would have given Lockheed a positive incentive to overrun further. In other words, the more they overran the first contract, the more they made on the second and the extra money they made on the second was more than enough to offset their losses. So they had what was called a reverse incentive or, as the newspaper reporters called it, the "golden handshake." It was important to keep things covered up until the exercise of the option for the second buy.

REASON: Okay, so when the congressional examiners came around, did they invite you to testify?

FITZGERALD: I believe I'd already been invited by the time they really started nosing around. And, as a matter of fact, the day before I appeared, they put the same question to another DOD witness, as they put to me. He didn't tell the truth, but he knew. He'd been to the same briefings I had.

REASON: How typical do you think situations like that are? Of course, there are two aspects of the situation. One is the cost overrun; the other is the knowing concealment.

FITZGERALD: More or less routine.

REASON: Both aspects?

FITZGERALD: Uh huh.

REASON: That's pretty frightening.

FITZGERALD: As a matter of fact, the things that were thought scandalous when I made the disclosures are accepted practices now.

REASON: So then, all of the risks that you took in going public with the story got publicity for that particular incident but haven't resulted in any fundamental changes in the way the

Lockheed was bailed out under Public Law 85-804, which says that any *firm* can be declared essential to the national defense and can then be given money.

Pentagon does business?

FITZGERALD: No, the only overall result is a rationalization and a making legal of the practices that we were following all along.

REASON: Why is that?

FITZGERALD: Well, it's a comfortable way to operate.

REASON: It's comfortable for the companies because they don't have that much risk of losing money.

FITZGERALD: None. Lockheed lost a little but not much. Overall they're doing fine, still losing money on the commercial program, but they've had money just pumped to them on the military. You see, Lockheed was bailed out not only with the loan guarantee, but they were officially made a ward of the government under Public Law 85-804. The only place you can read about that is in *The High Priests of Waste,* never in the papers. But this law, the bail-out law, as interpreted by the General Accounting Office's legal staff, says that any *firm* whatsoever can be declared essential to the national defense—presumably with some sort of ceremony, given the impact of it—and having been declared essential to the national defense, can then be given money with or without consideration. Usually the bail-out is accomplished by what's called technically, "amendments without consideration," that is, amendments to the contract with nothing returned. Just give them money. In the case of the C-5, the Lockheed contracts, they tore up the old contracts, took them off the hook for technical performance and schedule performance, and converted it to cost reimbursement. Lockheed agreed to take a paper loss which they were to have paid back by 1984, out of money we gave them, of course, and they were given a gift of money that amounted to at least a billion dollars more than the most generous interpretation of the contract disputes could have given them on C-5 alone.

REASON: A billion!

FITZGERALD: More than a billion. And that was the first really big grant under 85-804. Most of the previous ones had been small bail-outs. I think the next largest before Lockheed was something like $5.5 million, and the Lockheed bail-out set the precedent for the hundred-million-dollar shipbuilding bail-outs that took place in 1978. There were several firms involved, but that's now routine.

REASON: Routine in the sense that actions of this type are taking place every year?

FITZGERALD: Yes, most of the bail-outs take place on a day-to-day basis through contract changes—changes that have oftentimes a very small, maybe even negative, work content but have huge price tags attached to them. We used to call it contract nourishment—the contracts accommodate themselves or adapt to whatever the contractor is able to produce.

REASON: It's obviously a very convenient way for the contractor to operate, but what's the attraction to the Pentagon to do business that way?

FITZGERALD: It's easy. . . popular, the politicians like it.

REASON: Politicians who have plants in the district?

FITZGERALD: Yes, Armed Services committees in general, and Appropriations. Of course, it's a horrible way to buy weapons. You know, you just don't get much. I've never understood the willingness of generals and admirals to sacrifice military capability to make politicians and bankers and all happy, except that they must do it or they'll get fired. Furthermore, as one of my general-friends told me back when we were having an overhead-reduction drive, "Look, Fitzgerald," he said, "I'd be a damn fool to cut contractors' overhead. I'm going to retire in a couple of years and I'll be part of that overhead."

REASON: But the result is that the amount of money that the political process decides to allocate for defense expenditures buys a lot less than it otherwise would.

FITZGERALD: That's right.

REASON: With really competent management that rewards cost cutting and penalizes overruns, how much do you think could be cut from the defense budget each year?

FITZGERALD: Well, if I told you what I really thought, that'd sound irresponsible. I'm not allowed to look at the big weapons contracts any more anyway. But things are certainly no better and are perhaps worse than they were when I was allowed to look at them. And in those instances where I was able to have competent people doing what we called "should cost" analyses, we came up with averages of 30 percent that could be taken out without any fundamental changes.

REASON: Now, these were not 21-year-old whiz kids who had never been out seeing what it was like to produce weapons in the plants. . .

FITZGERALD: Not these guys. When I worked with people like these in the private sector, we'd take on the responsibility for helping clients achieve those kinds of results, and we did. Now that 30 percent is just by tightening up, not eliminating gold plating and the really big things.

REASON: That was 30 percent of the procurement part of the defense budget, right?

FITZGERALD: That's right. I think it's around $40 billion right now.

REASON: So 30 percent of that would be about $12 billion

I've never understood the willingness of generals and admirals to sacrifice military capability to make politicians and bankers and all happy.

that could be saved right there. What about going beyond just tightening up?

FITZGERALD: Well, I'd hesitate to guess what it would be in total dollars, but some of the small procurements are unbelievably bad. An investigation of small procurements by the ABC-News "20/20" program found some of them to be mind-boggling—$91 for a 3-cent screw and things of that sort. It's grotesque. And I know from having looked at the same organization that they not only pay too much but buy a lot more than they need. A high percentage of the stuff they buy goes out to the scrap yard—perfectly good standard hardware-type stuff. These are not mistakes. It's smelly; it's really, really smelly. All in all, in acquisition we spend about half the budget, half of a $125 million budget. And, of course, the in-house part is fat too.

If you were to really put the test of function to the military organizations, they would be a fraction of the size they are. By the test of function I don't mean the purpose—you know, "Our purpose is peace"—but our function is to kill, maim, and destroy. Now, that's something we don't like to think about or talk about, but it's a fact. That is the function of the military.

All right, you could walk through the Pentagon and look at the organizations and ask, "What does this organization contribute to our ability to kill, maim, and destroy or to threaten to do it to someone?" and you'd come across such organizations as the Institute for Heraldry. We really have one. It's a fairly sizable organization run by the Army, I believe. They design heraldic symbols. That was important back in the days of armored knights, you know. You couldn't tell your brother-in-law from an infidel without the proper heraldic symbol.

The things that were thought scandalous when I made the disclosures are accepted practices now.

REASON: In terms of that kind of bureaucratic fat, what percentage of that portion of the budget could go?

FITZGERALD: I would hesitate to say, because you'd have to go through it organization by organization. You'd also have to look at excessive layering—numbers of organizational layers which every businessman who is appointed to a high job in the Department of Defense remarks on and swears to do something about and ends up adding another layer, as a rule. You could slice out layer after layer, but there's a reason we don't cut off these superfluous organizations. There are several reasons. First off, we're having trouble spending the appropriation today, but even when we're not, there's a very compelling bureaucratic reason for maintaining organizations and excessive layers of staff, and that is the excess number of high-ranking military officers.

REASON: You have to have something for them to do?

FITZGERALD: Yes. And a general can't be just a general, you know. I'm a GS-17, which is the protocol equivalent of a major general. I can work by myself, but a general has to have a staff. He's got to be the peak of a pyramid, so we have something we call dual staffing in the Pentagon—which means that we often have a senior civilian bureaucrat who is the deputy to a general or perhaps the senior colonel, and is in the same functional area. It's quite obvious that in most of these cases, you don't need one or the other. If it's a purely military function, it should be a military person. If not, you have to ask yourself, Why do you need the general there?

REASON: Can't you just fire or retire surplus colonels and generals?

FITZGERALD: Oh, sure. I believe that every general and admiral, every flag officer, is eligible for retirement. I don't believe there is a single one that isn't.

REASON: So they're not really interested in cutting the fat and running an efficient, lean operation?

FITZGERALD: Well, I wouldn't say not really interested, but it appears they're not willing to pay the political price for doing it, because you get a lot of flack from Congress. You see, we have quite a number of congressmen—or senators, at least—who are also generals. And so it's a tight club.

REASON: How about changing procurement policies? Suppose Congress got very concerned that this could no longer go on, that it was just not acceptable. Would it be feasible for them to try to impose a reform that would end this cozy system of subsidizing defense contractors?

FITZGERALD: Sure.

REASON: What would have to be done?

FITZGERALD: Cut the budget.

REASON: The meat-axe approach, like Proposition 13, to force them to make choices?

FITZGERALD: Yes, I believe that's right. It sounds crude, but the so-called meat-axe approach need not be a meat-axe at the detail level. Every business, every family, has to occasionally get together and say, "Look, we have to tighten up." Congress could pass what the National Taxpayers Union used to push frequently, called an efficiency amendment—not cutting specific programs or head counts or anything, but just say, "Look, you cut so much. *You* figure out where to do it." Now, I think this would be a good thing to do, and I think you could watch it carefully and look for signs of good stewardship appearing and keep cutting until they did appear.

REASON: Such a move would be immediately attacked by conservatives as weakening America's defenses—whether sincerely or not, I don't know.

FITZGERALD: I don't know either, but they would be the group who would fight it. We found that repeatedly. The Taxpayers Union's early studies and ratings of congressmen were very revealing. Most people think the conservatives are not big spenders, but when all kinds of spending are put together and you look at how the congressmen voted, you find that a few conservatives manage to go for as much spending as the few liberals who spend the most. And it's because they support big defense budgets.

Here's another amazing statistic that we pulled out. It's a little off the point, but it illustrates something I want to tell you, and that is that the big prize is patronage. That's the name of the game in Washington. And it happens that the military budget is far and away the biggest lump of steerable patronage, see? Of *steerable* patronage.

REASON: Because of the bases and plants in so many areas of the country...

FITZGERALD: And now, with contracting out of routine functions, it can be done anyplace.

REASON: So in a way Congress can only make things worse?

FITZGERALD: Oh, absolutely. There's no question about it.

REASON: With the tax revolt growing across the country, do you think that cutting the defense budget *in order to cut waste* could become a real political issue over the next few years?

FITZGERALD: Oh,° I think it will. But so far it has not. Military spending is not spending in the eyes of so-called tightwads in Congress, you know, the traditional, right-wing kind of people. They rave and rant about cutting government spending and then take a deep breath and propose a blank check for the military. It makes absolutely no sense at all.

REASON: How did you get involved with the National Taxpayers Union?

FITZGERALD: I got involved while I was fired from the Pentagon and working on Capitol Hill. About a year after I went to work on Capitol Hill I was analyzing the supersonic transport program. I was working for the Joint Economic Committee part-time, and Senator Proxmire was the chairman. And of course he'd been fighting the supersonic transport subsidy for seven or eight years with no success at all up until then. So I began contacting groups who were interested in it, and the Taxpayers Union was very helpful; they really did terrific work on it, particularly in recruiting such people as Sen. Harry Byrd from Virginia and Sen. Jordan from North Carolina, senators who'd ordinarily be expected to vote for aerospace programs. And even though this wasn't a military program, it was so draped in the flag as to have all of the appeal of a big military program. NTU did a great job but in the process lost a lot of their right-wing support. They came on hard times and asked me to help them. I worked with Jim Davidson to reorganize it and became chairman at that time.

REASON: Are you still chairman?

FITZGERALD: No, I'm just a member, I resigned as chairman shortly after I went back into the Pentagon, because it's a lobbying organization and I didn't feel comfortable as head of it. I'm chairman of the National Taxpayers Legal Fund, which is a public charity; we're not primarily a lobby. But I've worked with the Taxpayers Union, and all the time I was fired from the Pentagon we economized and cut it back to nothing and rebuilt. Of course, it's a huge organization now, 120,000 people.

REASON: Do you consider yourself a libertarian?

FITZGERALD: Yes, in most respects I certainly do. I'm not a member of the Libertarian Party, but I've had these brushes with all-powerful government, I've been the object of a lot of their attention, and I became very frightened of unaccountable government power. When you see it coming down on you personally, it comes home to you; it's not just a theory.

REASON: As a small-"l" libertarian, what views do you have on defense policy in general?

FITZGERALD: Well, I've changed over the years, in that I used to describe myself as a parsimonious hawk. I thought that for much less money than we were spending, if we were spending wisely, we could buy so much stuff we would hardly have room to park it. And I never really gave much thought to anything other than the efficiency aspect of it, until I was fired and thrown into closer contact with the various groups who push different points of view on Capitol Hill.

I think we are going to have some sort of large military force; I don't see any way out of that in the foreseeable future. However, I think it's equally true that it's not getting us anywhere in the world, that it's becoming less relevant than it used to be. And I think for one very good reason we ought to think about trimming back, cutting down. It's clear that what we've got to do is to revert to exemplary leadership. For the first 150 years of our national existence we had almost no army and not much of a navy and no CIA at all, and yet there were revolutions fought all over the world by people who wanted to be like us...

REASON: Yes, we set an example.

FITZGERALD: Today we see most of the popular revolutions being made by folks who want to be different, and that ought to tell us something, that we should rethink it. Of course, I think they're mistaken, I think they get out of the frying pan into the fire in most of these revolutionary situations, but nevertheless their aspirations are not to be like us to the extent they used to be.

But the other factor is the impact of the huge military outlays on our competitive position in world markets. NTU did a study several years ago showing the percentage of military spending to gross domestic investment. I've forgotten the exact figures, but it was something on the order of 50 percent for the United States compared with 14 percent for West Germany, for example. When I was a young engineer we could compete in almost any market we chose anywhere in the world on the basis of price and quality. That's no longer true; there's very few areas where we're competitive.

REASON: People like Martin Feldstein, at Harvard, think that's mostly because our tax policies discourage saving and that we have the lowest saving rate of any industrial country. Do you really see it as being due significantly to the level of military expenditure?

FITZGERALD: Sure. No question about it. Let's take an example of three manufacturing companies. Let's say we had the Firm USA, the Firm West Germany, and the Firm Japan. And the Firm USA says, "You guys don't worry about guards for the plant. We'll give it to you, or provide most of it out of our money." And then we'll say, "You don't even need to worry about applying your engineers to designing the fancy equipment you need. We'll do that, too. You guys go ahead and work on your products." Well, we've seen the decline in industrial productivity—the decline in the rate of productivity increase, actually. In recent times we've had an actual decline. And so we're slipping behind the other industrial countries. The first time since records were kept we had a balance-of-

I've had these brushes with all-powerful government; I've been the object of a lot of their attention, and I became very frightened of unaccountable government.

trade deficit in 1971. That was the first time ever. And of course the huge deficits are commonplace nowadays—30 billion a year, on that order. The dollar can't stand that. We're seeing the results of it, because our productivity is the only backing we have for the dollar now. Productivity is down now. We operate the oldest stock of metal working equipment in the whole Western World. So we're diverting enormous resources, too, and the balance-of-trade thing is what's really got to be focused on, I think. Because the excuses given are totally phony. They're blamed on the Arabs.

REASON: But Japan doesn't have that situation. They import all of their oil.

FITZGERALD: 100 percent, I believe. I don't believe they produce a drop. And they have very little coal. The Germans import practically all of their oil and they have coal. But they have huge trade surpluses. They're efficient enough that they can compete in world markets and earn what they need to pay even the exorbitant prices from OPEC. We're hurting from the diversion of investment, the diversion of skilled people, engineers, toolmakers. I really think the skilled workers are perhaps more important than the engineers, because we have lots of them tied up in that sort of business. And also from the infection of our whole industrial body with the bad work habits and management practices that we encourage in the military industry, our largest manufacturing industry.

REASON: You've certainly been enlightening. Thanks very much.

Lewis

(*Continued from p. 28.*)

Another questionable BATF technique *has* been criticized by the courts. The use of informants is a legally vague area of which the Bureau has taken liberal advantage. But in the words of one judge, informants are often "totally lacking in scruples of any kind." Given the slightest reason to do so, they have no compunction about lying to judge and jury.

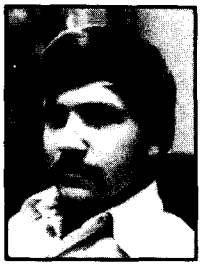
More importantly, BATF often presents them with a motive to lie: payment for their information only if it results in arrest or conviction. While the American Bar Association holds it unethical for an attorney to acquiesce in such contingency-witness payments because they encourage frame-ups and are a substantial inducement to perjury, this is what BATF resorts to in attempt to boost its conviction rate.

In one instance in 1978, a New York judge threw the case of *United States* v. *Brown* out of court because of BATF practices: "BATF used an informer who was a wholly immoral individual; BATF provided him with an economic motive for producing arrests; BATF failed to take steps to insure the reliability of the informant's version of the events." Concluded the judge, "We believe that the criminal defendant is needlessly exposed to unacceptable risk of a serious miscarriage of justice and this trial should not be permitted to continue." In another case, the court noted that such contingency fees are "essentially revolting to an ordered society."

BATF's use of informants—not unusual in law enforcement—is particularly disturbing when considered against the background of its record concerning the selection of individuals for criminal investigation or prosecution. The evidence indicates that BATF does not focus its arsenal of law-enforcement tactics on those who have used firearms in violation of other citizens' rights or those who have obtained firearms in violation of others' rights. Instead, the objects of the Bureau's dubious practices are more often citizens whose only "crime" has been a failure to be wary of BATF and its deliberately misleading regulations.

To broaden Judge Knapp's comment about BATF's manual on raids, grave doubt should be expressed toward all facets of the Bureau and its activities. The history of BATF since the demise of its liquor enforcement functions has been a classic tale of bureaucracy in search of a job. Piling up arrests could only help at budget time. The victims of this legal fallout became statistics, proudly paraded before congressonal appropriations committees.

The unethical and unconstitutional activities of the Bureau are not the aberrations of individual, overzealous agents. The evidence is that they are a clearly laid out matter of BATF policy. But as one of its victims said to the press—after BATF agents had descended on his neighborhood and home "like a bunch of storm troopers"—"We don't need this in our country." ◻



John D. Lewis, Jr., is public affairs director of the Second Amendment Foundation. Some of the material for this article is derived from the SAF study The BATF's War on Civil Liberties.

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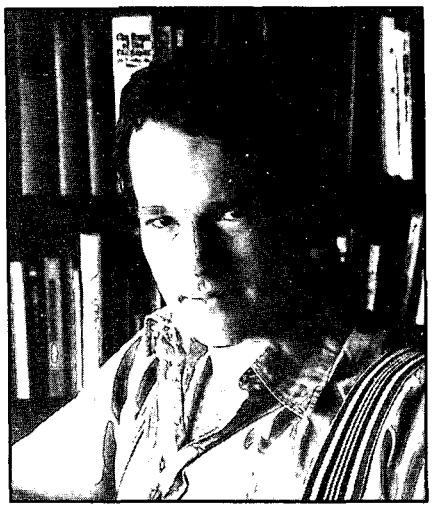
On Shoe Clerks and Tennis Courts

viewpoint



James Dale Davidson

The number of persons who understand the true stakes of politics is probably on the same order as those who understand some of the more bizarre examples of modern poetry. Even folks who know it's bad don't know what it means. Thorough familiarity with the arguments, learned and silly, which are bandied about in political debate often merely misleads you into focusing on the *rationalizations* for a given policy rather than on the *reasons* it is being pushed. It is much like going to the dictionary to look up words in a poem by Robert Kelly. You just confuse yourself because the words are not being used in their normal meanings.

Consider, for example, the long-standing fuss over land-use planning. Legislation mandating what amounts to a nationwide land-use apparatus has come within a hair of being passed. If one vote had been changed at several stages in what is laughingly called "the world's greatest deliberative process," we'd have land-use planning right now.

What is it all about? If you listen to the speeches of the planning advocates, you may be hard-pressed to know. Certainly, there is an obvious sentiment on the part of the planning profession to create more jobs for itself. But that hardly explains the massive and powerful push on behalf of land-use planning. It is another power grab centralizing clout in government and reducing the range of individual freedom in America.

But that is a descriptive truth, not an explanation. The vast majority in Congress is totally oblivious to all sides of the power issue. The Congress would no more vote for some legislation for the theoretical purpose of centralizing power than it would for the theoretical purpose of returning it to the people. So that isn't the reason that land-use planning is in vogue.

Could it be that the proponents of planning are truly convinced that their legislation will make for a better country with more economic production and cheaper, more beautiful housing for all? This is what they say. But those who have read Bernard Seigan's *Land Use without Zoning* realize that mounds of evidence dispute the social usefulness of governmental land-use controls. If the Congress were to do its job on that basis, it should be providing federal incentives for the repeal of local zoning laws, rather than working the other way.

So what are all of those good liberals up to? For an insight, go to a public tennis court on Sunday afternoon. Unless it's the middle of the winter and raining (and sometimes even then) you'll find folks lined up for hours waiting for a court. Most are average people who are known affectionately to the bluebloods as "shoe clerks."

In the good old days, the "shoe clerks" were too poor to play tennis. So they obviously were not clogging the courts on Sunday afternoon nor at any other time. Persons with good breeding and family wealth (the same folks who turn out so often to be liberals) had no trouble playing tennis all day if they wished.

And when the tennis was tiresome, these same good people could take a drive out to their country homes (no lines of traffic clogging the roads) and relax in bucolic splendor. What a life. They could buy a place in Vermont, for example, for a few dollars an acre and lie back like country gentry to watch the poor farmers scratch out livings in the summer. In winter, the good people came to go skiing.

But then, damnitall, the shoe clerks caught up. The union foremen and the managers of every doughnut shop in Manhattan decided that they too would like to have a wee place in the country. So they started to sneak up to Vermont to buy cabins on half-acre lots.

With demand for land rising dramatically, the native Vermont dirt farmers who had never in their lives made more than $10,000 a year suddenly discovered the possibility of becoming millionaires simply by selling out. And why not? The property tax structure was driving them to ruin anyway.

Here you see the clear origin of the push for land-use planning. It is pure class-interest legislation that benefits the good "liberals" by depriving other persons of the value of their property. Former governor Thomas Salmon of Vermont told the House Interior Committee why land-use planning is "necessary" everywhere. His comments come closer to revealing the real reason why land-use planning is popular with the "establishment" than anything spoken to date. His complaint: "The demand for land was simply extraordinary, with special emphasis on the second home syndrome.... Despite inflation, discretionary income is up."

Back in the days when the shoe clerks didn't have enough money to go buy summer homes in Vermont, no legislation was needed to keep them out. But now things are different. So land-use planning was dreamed up to "preserve irredeemable aesthetic values" that were lost every time a shoe clerk pitched his tent on a half-acre lot. The good people do not want Kew Gardens moved out to spoil the pastoral splendor of their country retreats.

As to the poor farmers, let them keep farming. It's good if they can't sell out. They owe that much to the poor of the world. There are people starving. It would be a shame to take that beautiful agricultural land with green fields and stone fences, and turn it into another tacky middle-class development. As Salmon says, we cannot sit back "idly in this country and... permit every month of every year thousands of tillable acres of land to be converted to nonagricultural uses." We can't allow "competition between the farmer... and the developer" when "this planet may face a shortage of food."

That's the amazing thing about liberals. They always seem to have the interests of the poor at heart.

James Dale Davidson is founder and chairman of the National Taxpayers Union. His book The Squeeze *is being published by Simon and Schuster this month.*

spotlight

Republican Reformer

By John R. Lott

Libertarians are skeptical of politicians who praise the free market and limited government. Yet it arouses one's interest to hear of a Republican state chairman who avows support for returning to the gold standard, an isolationist foreign policy, abolishing victimless crime laws, and eliminating public schools.

Despite these views, a flamboyant and articulate Gordon Nelson, at 38, has remained state chairman for four years of what is the last state most people would guess—Massachusetts. Though some would wonder at what cost, the length of his tenure "is something of a record," notes Nelson. "They haven't had anybody in a generation who has lasted this long. They had eight chairmen in nine years before I got here. It is a tough thing, because if you don't win, it is like being the manager of a baseball team. If you don't win, you are the one who gets blamed." And Massachusetts is hardly a bastion of Republicanism.

Nelson sees himself as "an ideologue turned ward healer." He had always considered himself to be nonpolitical until he read Ayn Rand's *Atlas Shrugged* in 1962. "I spent a year trying to refute it, and when I couldn't, that is when I got into politics." Since then Nelson, a graduate of Harvard University, has been actively involved in politics, having been the national chairman for Individuals for a Rational Society and an early member of its predecessor organization, the New Right Coalition. Following a brief stint with the Goldwater campaign in 1964 he soon drifted away from campaign work because he "was not satisfied with the conservative movement." Soon after working in the 1974 Massachusetts Republican gubernatorial primary against an incumbent—"a real left-wing turkey"—he set up an organization (named REGRO) to "reform" the state's Republican Party. But he simply ended up taking it over, and, as he says, "it was surprisingly easy."

Through Nelson's leadership the party has been fairly successful. He has rebuilt the party's "internal fortune" into a more effective force. "In 1978, we made the first gains in the legislature in this state in 12 years, and we also gained at the county level for the first time in anyone's memory, and we've raised and distributed more money, even though the amounts were still small, than anytime since 1968."

Nelson's experience as chairman provides an interesting look at what happens to those advocates of limited government who work for a major political party. He has followed what he terms a "pragmatic" approach in deciding which candidates to assist. In other words, he has been concerned with electing as many Republicans as possible, and not with their views. He has often backed candidates who were "not very appealing at all ideologically," because they stood a better chance of winning. Says Nelson, "I wouldn't be chairman if I didn't give out the money in terms of electability. If I gave out the money just to my friends or my philosophical soul mates, I would no longer have enough support from the group which elects me to stay in office." A recent case involved his endorsement of then US Senator Ed Brooke—whom he agrees with on "no issue"—over Avi Nelson—whom he agrees with "on almost every issue"—in the 1978 senatorial primary. He felt that Avi Nelson had no chance of winning and that it was better to direct resources to where they would accomplish the most good. Now Avi is assisting Gordon's opponent in the next election for state chairman.

Gordon Nelson

After listening to Nelson for a while, one wonders how his position really changes the course of the Republican Party and especially how his performance would have differed from another "pragmatic" leader with another ideology. Since his goal is less government, one questions whether he is, at best, wasting his talent as a political technician by electing those he disagrees with. But what is particularly disturbing is Nelson's opinion that the quality of the candidates has not improved over his stay in office. In fact, he does not seem to have viewed improving it as an important part of his job. When asked these objections, Nelson responds that it is true that he hasn't behaved differently from another "pragmatic" leader with a different ideology in the "day-to-day operations" of the party. But, he adds, he has operated on a different level.

This second level involves his position as the only statewide official, which makes him "the major spokesman for the Massachusetts Republican Party." Besides a weekly commentary on radio station WCRB in Boston, Nelson is also "on talk shows on radio and on television. . . . I am able to issue statements in my name and I am able to say things in that capacity on behalf of my philosophy (Objectivism)." One wonders how much that serves to dispel the opposite effect from those who are not pro-free market and whom he helps to elect.

Even though Nelson's views are radical compared to the average Republican, he does try to educate slowly and not to shock people. If you "shock people, they are not going to listen to you," he reasons. "I do media all the time. You are not going to be successful if you say provocative things just to get people thinking."

Nelson has "no hostility toward the Libertarian Party." But he views it primarily as a device "to move the Republican Party in the right direction—the direction that I want it to go. Therefore, I cannot be critical of the Libertarian Party, but at the same time I wouldn't be in the Libertarian Party because I feel I can have more impact to get us to the same point, which is less government and more individual freedom."

Nelson receives no emolument for his services. So as he puts it, he wouldn't be doing it if he didn't think it was helping things. Yet it is far from certain that such a "one-step-at-a-time philosophy" working through the Republican Party will pay off.

John R. Lott is an economics student at the University of California, Los Angeles.

money

Following the Moving Averages

By Steve Beckner

When will it be time to buy more gold or silver? At what price should one sell (go short) gold and silver? When should one buy into the next bull market in hard currencies?

These are perennial questions and apply to all kinds of investments. A bi-monthly column cannot hope to answer them for you. Fundamental analysis can provide some good notions for medium- to long-term investment decisions. But even close attention to the fundamentals cannot tell you with a high degree of dependability at what price to buy or to sell.

True, someone who closely follows the price action of a stock or commodity (with or without reference to charts) and who stays informed about shifting supply and demand factors can make some educated guesses. He can buy on retrenchments and sell at or near a previous peak. And if he acts consistently he can generally make money. But that approach would not have availed the average trader much in the recent gold and silver eruptions. There was simply no way to predict that untoward political events would carry gold above $800 and silver above $40. Most would have liquidated their positions at much lower levels or, worse, taken up open short positions at those lower levels—and gotten burnt.

There is no absolutely sure-fire way to make money and avoid losses. But there is one proven method by which to minimize losses while maximizing gains—a technique for actualizing the old axiom "Cut losses short and let profits run."

It's called the "moving average system," and it has brought its practitioners into the market at propitious moments, kept them in for near the duration of major movements, and then told them when to exit. It sounds too good to be true, especially to proud fundamentalists, who are wary of being wholly wedded to the austere mechanics of charting.

But let's be open-minded. First, what exactly is the moving average system? It is simply a scheme of plotting averages of closing prices for various periods and superimposing them over a standard bar chart (showing each day's high, low, and closing prices). Typically, 4-day, 9-day and 18-day averages are used in conjunction. What results is a set of three trend lines following (with a lag) the movement of the bar chart's daily price action. The theory is that when the shorter-term average intersects with the long-term averages, a buy or sell order is indicated (depending on whether the trend is up or down). The system is designed to signal trend changes far enough in advance for the investor to take advantage of *most* of a bull or bear move).

A leading exponent of the moving average system is Dr. Wray A. Kunkle, a vice-president with Wheat First Securities in Washington, who says that the theory worked effectively in making good profits for his clients in both gold and silver during their recent run-ups, while preventing them from being caught short. Kunkle said the beauty of the system is that, "through daily homework, a trend change can be spotted early enough to participate in a run. It is not necessary to monitor daily news events or to analyze statistics, political manipulations or other fundamental factors that actually affect the markets." Kunkle says that he does not totally eschew such fundamentals but emphasizes that the system's track record has proven it to be a more reliable approach to trading. "For gold, this system has been amazingly accurate," avers Kunkle.

When asked recently whether he foresaw an imminent surge in the Deutschmark and Swiss franc, Kunkle replied that it is inevitable *at some point*. He predicted that, *at some point*, central bankers will "run out of money to support the dollar with.... They can't hold back the tide of big money moving out of the dollar." Kunkle is not alone in that feeling; New York adviser James Sinclair recently predicted the Swiss franc would reach one-to-one parity with the dollar *sometime* in 1980 (it's now worth about 64 cents). Ah, but when? Asked if *now* is the time to buy marks and francs, or failing that, at what price one *should* buy, Kunkle issued a predictable, but uncannily reliable response. He uses it in answer to all such questions: "Just follow that system."

Without reference to charts it is difficult to give the reader a full grasp of how the moving average system works. Those who are interested should get access to the weekly Commodity Trend Service (100 E. Kimberly, Davenport, IA 52806; 319/386-2950). Any broker worth his salt probably subscribes. You may wish to subscribe yourself at $300 per year and update it daily. Or, if you like to chart and make your own trading decisions, plot your own.

It's a simple matter. Get the daily closes for your favorite commodities (or stocks) from any good daily newspaper and plot them religiously on graph paper. Then, begin computing the three averages mentioned above. For the 4-day average, just add the last four days' closing prices and divide by four. For the 9-day and 18-day averages, do likewise with the closings for those respective periods. This kind of procedure can easily be programmed on a home computer, to minimize the drudgery.

"When the 4-day moving average penetrates (intersects) the 9-day moving average," explains Kunkle, "this signals a change in the trend. More conservative traders may wish to wait for the 4- and 18-day averages to intersect. When looking for sell signals, the rules are often a bit different, he advises. Because volatile markets often fall faster than they rise, it is not always wise to wait for the 18-day average to cross the 4-day in order to confirm the previous 9-day intersection. Sometimes, he says, it may even be prudent to act when the 9-day average intersects the current price.

As much confidence as he has in the moving average system, Kunkle is careful to use stop loss orders. These are instructions to one's broker to buy/sell above/below specified price levels in order to liquidate short/long positions when a reversal is in the making. He says "the system" can help in determining where to place these stops. Thus, with a long position, the cautious trader would move his stop-sell orders upward at a safe level below the average trend lines. With a short position, one would move stop-buys downward at a safe distance above the averages.

No system is perfect, but in the heat of a mid-January rally in the precious metals, Kunkle exulted that this one "is dynamite—right on the button in fact!"

Steve Beckner is a free-lance financial writer, the editor of Deaknews, *and the author of* The Hard Money Book.

arts & letters

movies

- **Going in Style**
- **Wise Blood**
- **The Jerk**
- **Quadrophenia**

Reviewed by John Hospers

• Three old widowers share a New York apartment, spending their days sitting in the park, reminiscing and discussing the trivia of the day. The future holds for them only more of the same, followed by death; everything worthwhile in their lives is now past, and they know it. Then one of them concocts a scheme which will ensure that they'll be **GOING IN STYLE**. The film is about that scheme and its consequences.

Not much of a theme for a comedy? Maybe not. But it works. Each of the three old men is marvelous—George Burns, Art Carney, Lee Strasburg. The audience chuckles through most of the film, and it would take a soul of steel not to sympathize strongly with the three characters. Most praiseworthy of all is new director Martin Brest for making the whole thing run so smoothly, for getting the most out of every scene, for keeping it from becoming maudlin while exploiting the full potential of emotionality as well as comedy.

It isn't all a comedy in the ha-ha sense. There is a fine little scene in which Lee Strasburg (a very great actor) awakens in a sweat, having just dreamt of an incident years ago in which he punished his son for something the son may never have done. Or the Las Vegas scene in which Art Carney, who now has more money than he'll ever use, is finally pursued by attractive girls but realizes he's too old to exploit the implications of the come-on and that dollars may be nice to have but they don't reverse time. And the scene in which George Burns, after the death of one of the others, takes out an old photograph album with pictures of himself when young, and of his parents, and later his own family; no words are spoken, but he sheds quiet tears. Yet Director Brest can transport us from a scene like this, which has the audience sniffling, to one immediately thereafter in which they're laughing their heads off, with no feeling of incongruity at the quick transition. A director who can pull off that sort of thing is one to be watched. So is this picture.

• In the thirty years between his most acclaimed films, *The Treasure of Sierra Madre* and *The Wind and the Lion*, director John Huston has experienced numerous critical and popular failures. Indeed, many of his very best works have been commercial failures; it is as if he said, "Dollars be damned; I'm going to tell it like it is." *Fat City* was one of these, and his latest, **WISE BLOOD**, will probably be another. Both these films give uncannily honest portrayals of small-town America. In *Fat City*, the prevailing ambience was that of sleazy apartments and unkempt gymnasiums surrounding the boxing game (for boxers who'd never make it and those already over the hill). *Wise Blood* (from a 1952 novel) reeks with the atmosphere of rural Georgia and centers on the attempts by rival revivalists to con people out of money in the name of Jesus. Huston's keen eye and ear are always alert to puncturing pretentiousness, and since many Americans' image of themselves doesn't correspond to the way an observant outsider would see them, there is plenty of puncturing to be done. He does it with total honesty, never cynicism (his work is always too leavened with humor for that), but certainly what one might call down-to-earth realism.

Now in his 70s, Huston is a master of his art, and would-be cinemakers could learn much from the way this film is done. Structurally it is something of a mess, but the rendition of the mood and atmosphere of the region, and the recreation of the period, is slashingly perceptive. There are many comic touches, but the prevailing mood is nevertheless depressing, and largely for this reason the film is unlikely to be popular. Brad Dourif as the antireligious religionist, filled with guilt and the need for atonement in spite of his overt skepticism about everything, does a fine job in a less than sympathetic role. Indeed there are no really sympathetic roles in this film; there is nobody to look up to because the real motives of each character are depicted with too much of an instinct for the jugular.

For those who have not been steeped in this kind of background, many of the actions shown may seem beyond belief; but for those who have, these same actions, especially the un-Christian behavior of Christians in competition with each other for the souls of the heathen, will ring so true as to make one squirm. *Elmer Gantry* was about a religious huckster, but although it was much more dramatic, it was superficial and flashy compared with this one. See it, but apart from the comic interludes, don't count on being all aglow when you leave the theater.

• In tragedy, we are told, we look up to people, whereas in comedy we look down on them. Thus we laugh at things they do and say which we, the audience, would never be so stupid as to do, and that's why we laugh at them, thus engaging in aggression without guilt. If this is one's theory of comedy, then one of its most blatant illustrations is Steve Martin in **THE JERK.** The trouble is that in this movie we have to look down so far that we can sometimes scarcely see him as human: he is so dumb that Li'l Abner is an Einstein by comparison.

Some of the humor, however, requires him to be a character who is not quite so dumb as we are first led to believe. At the beginning we are supposed to believe that he, a white, thinks he is the son of black sharecroppers. Yet before the picture is far along we find that he is able to read rather well and writes very literate letters and even on occasion utters long and complex words. Thus the character is made to vacillate between extreme stupidity and moderate literacy, not because the characterization calls for it—it only confuses it—but because it is needed to preserve the gags that the script writer

THE BEST OF 1979

1. Soldier of Orange
2. Breaking Away
3. Being There
4. Boardwalk
5. The Last Wave
6. Kramer vs. Kramer
7. Voices
8. Starting Over
9. Manhattan
10. Going in Style
11. Rich Kids
12. The Life of Brian

didn't want to throw in the wastebasket. All this places quite a strain on one's "willing suspension of disbelief."

Anyway, it isn't true that in all comedy we laugh *at* people. Sometimes we laugh *with* them. Their foibles are ours too, and "there but for different circumstances go I." Chaplin and Keaton knew this: we may laugh at them but we laugh even more with them, and thus they elicit from the audience, through imaginative identification, a much more deeply comic response than the crude inanities assigned to Steve Martin. Still, there is no evidence here that he is capable of better, and it looks as if he got the script he deserved—partly since he himself helped to write it.

• One noteworthy feature of **QUADROPHENIA** is its brilliant use of the distinctive features of the medium of cinema. It has a marvelous sense of movement, tension, agitation, conflict—moving, surging, carrying the viewer along in an endless outpouring of energy. A new British director, Franc Roddam, is more adept at handling crowds and violence than most American directors dealing with similar themes.

The subject matter of the film is more controversial. There is a dazzling depiction of lower-class city life in England, better even than in *Room at the Top*. It is seen from the inside, not by someone viewing it from afar; and it is depicted with unrelenting honesty, hiding nothing, and without value judgments: gangs and riots, booze and pills, wanton destruction of property, contempt for the mores of the older generation. Sometimes one wishes that the whole destructive tribe would be killed and have an end of it. At the same time, the depiction of youth in the wake of the rock-music-worship of the late 1960s is so alive, so telling, so intimate and unsparing, that one becomes at times highly identified with the conflicts in which the "misunderstood generation" finds itself. Though he is never made heroic, the main character (played marvelously by Phil Daniels) in spite of his destructiveness generates quite a bit of sympathy: the rebellion, the despair, the loneliness, the alienation from the mores of his elders, the frustration when all avenues toward reward for aspiration are closed off by the entangling web of the British welfare state that reaches into every corner of one's life. The thread of causality is not traced in the film, only its final effect; but this is shattering enough to give any thoughtful viewer pause.

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books

Free-Market Testimony

Free to Choose: A Personal Statement
By Milton and Rose Friedman.
New York: Harcourt Brace Jovanovich. 1980. 338 pp. $9.95.

Reviewed by Tibor R. Machan

It is doubtful that many readers will be unaware of the gist of the message contained in this "Personal Statement" by the Friedmans. The book accompanies the current PBS series "Free to Choose" (which itself is something of an irony, inasmuch as the authors' political position hardly sanctions the maintenance of a largely taxpayer-financed broadcasting network, even if in this particular case the financing of the production was almost entirely accomplished via corporate contributions).

Essentially the book advocates a free-market economy, with the familiar night-watchman state to take but the most limited role in economic affairs. The Friedmans do not, however, advocate complete *laissez-faire*: "Freedom cannot be absolute. We do live in an interdependent society. Some restrictions on our freedom are necessary to avoid other, still worse, restrictions. However, we have gone far beyond that point. The urgent need today is to eliminate restrictions, not to add to them." (This talk of restrictions on our freedom is, I submit, a misunderstanding.)

The Friedmans apply this basic viewpoint to several topical spheres of concern. We are shown the power of the market, as on the television program, through several examples, in particular by a description of Hong Kong's bustling and largely free commercial atmosphere. The authors then go on to demonstrate the deleterious economic consequences of government controls, especially in the area of international trade, protectionism, and special legal privileges granted by government to various industries or firms. Lamentable as these consequences are—and it is made clear that they are—the Friedmans attack even more vigorously the loss of human liberty they involve, their limitations on our freedom to choose: "Restrictions on economic freedom inevitably affect freedom in general, even such areas as freedom of speech and press."

We are also treated to a summary of the well-known explanation for the Great Depression advanced by Milton Friedman and Anna J. Schwartz in their monumental *Monetary History of the United States, 1867-1960* (Princeton, 1963), in which that economic crisis is attributed primarily to governmental monetary policy. The welfare state comes under harsh criticism in "Cradle to Grave," followed by a discussion of the problems of our educational system and of what, in the authors' view, could be done about this—for example, institute the voucher system Milton Friedman has advocated for some time.

This is followed up with a somewhat weak discussion of efforts to establish equality by governmental edict, and thus coercion. Its weakness stems in large part from the authors' unwillingness to squarely reject that unfairness even applies to an evaluation of the different economic, social, and related circumstances of human beings in their various communities: "Much of the moral fervor behind the drive for equality of outcome comes from the widespread belief that it is not fair that some children should have a great advantage over others simply because they happen to have wealthy parents. Of course it is not fair. However, unfairness can take many forms." The whole idea of unfairness is inappropriate here because it presupposes that some kind of condition or procedure is *owed* to someone but is not being provided.

(It is, in general, a weakness of the Friedmans' book that their social and political philosophy lacks anything like a clearly conceived and articulated moral frame of reference. One just cannot adequately defend the supremacy of the free market without a theory of individual rights, which itself must rest on an ethical base of individualism or the morality of rational self-interest. The authors, instead, subscribe to the muddled view that everyone does "seek his own interest," an easily refutable assertion.)

Consumer protection the governmental way is scrutinized next, followed by a clear-headed examination of governmental protection of workers. As one might expect, the authors do not approve of either of these efforts, finding that on the whole they lead to enormous distortions and outright harm, even for those whose interests are used as the excuse for the policies involved. Then we are provided with another look at Milton Friedman's analysis of and cure for the problem of inflation. The book ends with what I would have to say is a somewhat unrealistic assessment of the current intellectual and political scene as promising developments leading toward a freer society.

This is an exceptionally clear statement of the authors' position, filled with

much that is welcome to those who prize human liberty. Yet the Friedmans cannot escape the charge that they are largely addressing the already converted or, at best, those who are without opinions on the various topics they discuss. What is missing is a careful consideration of the challenges incessantly offered to this position, epitomized in the discussions presented in the second half of each of the televised segments on which the book is based.

One of the most pervasive and appealing claims leveled against the free-market economic system is that its days are gone because—as the Marxist Michael Harrington kept stressing on the first program of the show—each historical epoch has its different economic principles. On this view, we have rightly "progressed" beyond the "19th-century" system that the Friedmans advocate. This historical relativist viewpoint is rampant on university campuses—professors of all stripes repeat it, even when they are not explicit advocates of Marxism. But the Friedmans do not take up this challenge. Nor do they adequately answer the charge—made on the TV show by one union chief—that protectionist tariffs and quotas are justified because foreign governments subsidize certain industries. Protectionist measures, then, are merely a response analogous to forbidding a thief to sell his stolen wares, even though the buyers might thus be able to purchase goods at a lower price.

Both these charges, and many more offered to free-market supporters, can be and should be answered. Generally, the authors of *Free to Choose* fail to perform a service I am sure they could have performed with but a bit more effort, namely, to put to themselves some of the more clever, even formidable objections to their social and political position.

For example, Michael Harrington's apparently persuasive point is entirely self-defeating—if all systems of thought are historically relative, surely so are those of Mr. Harrington and his mentor, Karl Marx. More constructively, one must counter that the value of liberty is not relative to some stage of history but to human life itself, which is what all of history is about, however little the value has been or is being appreciated and implemented.

As to the claim that governmental protection of domestic producers is just like laws against the sale of stolen goods, this is plainly false. With stolen goods, there is ground to believe that the thief's loot can be returned to the victim; but there is nothing like this prospect when people are stopped from buying foreign goods kept at an artificially low price by their government's policies. If the domestic buyers will not gain the benefit, it isn't as if some rightful beneficiary will be sought out and reparations made. Instead, protective tariffs effectively multiply the crime—a rather perverse application of the alleged principle of fairness, if you get my drift.

Given the relatively few works in print defending human liberty, *Free to Choose* is not unwelcome. But given the plain fact that most attacks on capitalism are issued from a hopelessly irrational but pervasive ethical point of view, it would have been even more welcome to see the Friedmans advance something closer to a defense of the moral appropriateness of the kind of life only a free society can make possible—namely, a life led in pursuit of one's own happiness and prosperity; a life in which self-development and individual success, something now apparently in need of apology, are prized, a rare turn of events in the history of mankind.

Unfortunately, the Friedmans appear to suffer from the misunderstanding that moral ideals are in some sense inherently authoritarian and coercive. So they have largely eschewed the province of values, leaving the impression as have so many economic defenders of freedom, that morality and virtue are on the side of the enemies of human liberty. Yet there is nothing further from the truth.

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When Freedom Is Unlovely

Defending My Enemy: American Nazis, the Skokie Case, and the Risks of Freedom
By Aryeh Neier.
New York: E. P. Dutton. 1979. 182 pp. $9.95.

Reviewed by Linda T. Abrams

This book's publicists do it an injustice. By emphasizing, on dust cover and elsewhere, the author's personal history (escaping Hitler's ovens at age two, national executive director of the American Civil Liberties Union, 1970-78), they lead the reader to expect a largely personal, rather anecdotal blow-by-blow of the author's role in the ACLU's controversial defense of the Nazis' right to march in Skokie, Illinois. On the contrary, the actual events of Skokie and Neier's own role in that case are only the jumping-off place for a book that goes far beyond what I was led to expect.

Despite all their publicity, the events of Skokie were hardly the first occasion on which the ACLU undertook the representation of Nazis, Ku Klux Klansmen, or a variety of other individuals espousing odious or unpopular causes. By reviewing briefly some of the history of these other cases, and their consequent controversies, Neier successfully attempts to place the ACLU's decisions in Skokie, and the resultant public furor, into a realistic perspective. It is an excellent device, effectively leading the reader to the philosophical, legal, and political discussions that follow, by drawing out the continuing themes, implicitly bringing the reader to recognize their universality.

Skokie was hardly an isolated or unique confrontation: in scores of earlier cases the ACLU has chosen, as a matter of policy, to defend the rights of demonstrators—no matter how vile or unpopular their views—against governmental interference in order to defend the First Amendment. As Neier so eloquently states it, "abridgements of freedom are directed first against the most universally despised. It would be more pleasant for defenders of freedom to rally around the causes of a better class of victims. But if we wait until nice people are victimized, it may be too late. The first place to defend freedom is the first place it is denied."

Beyond providing the historical context and organizational background of the Nazis, the ACLU, the KKK, and Skokie's survivors of the Holocaust, Neier effectively dissects the psychodynamics of each of the groups. Particularly welcome is his candor in distinguishing between supporters of the ACLU whose primary commitments are to left-wing causes—many of whom resigned in protest at the ACLU's "defense of an enemy"—and ACLU supporters whose primary commitment is to free speech and civil liberties. He is also to be commended for his willingness to name specific proponents of each view within the organizations.

Adding yet another valuable piece of the whole picture, Neier shows a rather sophisticated knowledge of the media tactics of protest. He graphically demonstrates that the same technique of outrageous confrontation on opposition "turf" which the Nazis sought to exploit in Illinois is also regularly used by the Jewish Defense League and American civil rights demonstrators. The occasional subtlety of his continuous drawing-together of such recurrent themes does not deprive the whole of any of its cumu-

lative impact.

As a constitutional lawyer, I found most welcome the surprising depth of chapters exploring the philosophical, legal, and political arguments used by the various sides. Drawing upon arguments from landmark First Amendment cases, contemporary commentators, philosophers, and politicians of many eras—often through pertinent verbatim quotations—Neier tries to carefully analyze and unravel the tapestries of emotional rhetoric and political cliché with which the various partisans have usually illustrated their positions. In this he is surprisingly successful.

Even Neier's format—grouping the arguments for one side largely into a single chapter and not addressing individual answers to each until the following chapter—which on first reading seemed awkward, actually tends to add to the forcefulness and reality of the presentation. It is too easy to dismiss an argument lightly if one is given an immediate reply; Neier's format leads one to consider more seriously the merits of the opposing views.

My only major frustration with Neier's presentation stems from his omission of either a table of cases, case citations, or footnotes to the sources of his quotations. How could a lawyer-author so infuriatingly and so needlessly have reduced the practical usefulness of his book by omitting these time-saving tools of the trade?

In all, though, Neier communicates and supports his point quite effectively. From the prologue—where he quotes Sir Thomas Moore's "I'd give the Devil the benefit of law for my own safety's sake"—onward, he makes it quite clear that his commitment to free speech for all, including Nazis, stems from no altruistic motive but from a need to limit government power *for his own safety's sake.*

Some seven years ago, as a law student, I furiously realized that someone kept tearing down posters from our Libertarian Law Students Association bulletin board. I was finally driven to fill the empty board with one very angry retort: "Those who censor others' posters are saying a great deal about the inability of their own ideas to stand up to competition." By carefully and fairly presenting all sides of the controversy in *Defending My Enemy*, Neier says a great deal about his own confidence that truth will prevail in an open marketplace of ideas.

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Great Science Does Not Great Politics Make

Energy from Heaven and Earth
By Edward Teller.
San Francisco: W. H. Freeman. 1979. 312 pp. $15.

Reviewed by R. W. Johnson

Many readers, seeing Dr. Teller's dedication of his book to Nelson Rockefeller, will stop cold before getting to the first page. Indeed, although it is clear that this eminent and knowledgeable scientist has managed to grasp the fundamental energy problem as one of overregulation and government meddling, he nevertheless cannot quite wean himself from the idea that somehow the government can mend its errant ways and do something constructive to solve the problem. This book would have been an excellent vehicle for advancing a truly free-market solution—one of lifting all controls, regulations, taxes, labor laws, safety laws, environmental laws, production controls, and so on ad nauseum from the energy industries and letting individuals, alone and in business groupings, show what they can do.

Teller devotes the first seven chapters of his book to the terrestrial origins of planets, life, energy, and fuels and to the uses of various forms of energy other than nuclear. Following this is a lucid explanation of the origins of and uses for nuclear energy, where he has great difficulty restraining himself in replying to the false criticisms and charges of the environmentalists, including the "double doctor" (John Goffman?) whom he fails to identify but charges with a thousandfold overestimate committed "with full knowledge of the facts." I rather prefer the more direct, Pegler-style of Petr Beckmann in commenting upon such chicanery.

In his chapter on controlled fusion, Teller has some difficulty—no doubt because of his enormous expertise in the area—communicating in the somewhat lay terms adopted throughout the rest of the book. Even an experienced technical reader would have some difficulty with this chapter but would nevertheless be able to fully appreciate that (*a*) the production of usable energy from fusion reactions is a long way off yet and (*b*) this concept is far from being as safe as it sounds.

Dr. Teller discusses in a technically correct way the matter of solar energy, which includes wind, ocean thermal gradients, and the like. Recognizing it as dilute (wind energy amounting to between 1,000 and 2,000 BTU per square foot per day referring to collecting area, and as such comparable with direct solar at around 1,900 BTU/ft²/6-hour day), he nevertheless manages to leave the impression that it is useful for other than localized heating applications. He does not address the enormous waste of land resources involved. His Table 12-1, "U.S. Appropriations for Solar Energy," once more reveals his thinking that the federal government, instead of the free market, ought to be the source of the money spent on energy research.

In chapter 13 Teller makes a mild and rather velvet-gloved attack on past energy policies. He lays a fair share of his criticism on "exaggerated" environmental concerns. But unfortunately, time after time he offers statements that, taken out of context by environmentalists, will support their unreasonableness. Dr. Teller proposes to discuss four solutions, which he terms Business as Usual, Minimum Energy Option, Growth Approach, and International Approach. It is here that the book fails, because what might be termed the Laissez-Faire Approach is not even suggested. Dr. Teller then launches into the field of economics, in which, even by his own admission, he is not an expert. The figures show it. Although mentioning that figures do not really mean much, he goes on to compare the 10-year "costs" of each of the four approaches when differences between them are only something around 10 percent. If there is any point at all to this, it is that, regardless of what is done, something close to a trillion capital dollars will have to be spent on energy by 1987 if we are to avoid disaster.

Teller's "Model for the Future" is useful in that, for once, electric power is separated out of the energy mix. While listed within each category in terms of energy *used*, it is not added into the total for that category but appears only once as the energy *input* required to make that electric power. But Teller's conclusions that domestic energy demand will be only 106 quads by the year 2000, 45 quads being for electricity, are, I believe, short of the mark and assume far more gains from conservation and fewer losses from the excesses of inflation than will actually occur. He discusses direct conservation measures at great length but does not go into *indirect* conservation measures, which can be far more productive. I refer to anything from throw-away gum wrappers to metal shipping containers and appliances and to the enormous amount of energy-intensive food that is wasted each and every day, the grand total amounting to about 640 million tons in 1979 in the United States, which translates into around 15 quads if it could all

be recycled.

This book, by a giant of science, might possibly convince the politicians of the seriousness of the problem we face. Whether it will convince them to get out of the act remains to be seen.

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Readable Energy Facts

Energy: The Created Crisis
By Antony C. Sutton.
New York: Books in Focus. 1979.
175 pp. $10.95.

Reviewed by D. T. Armentano

Antony Sutton aims to cash in on the concern over energy availability with his *Energy: The Created Crisis.* And why shouldn't he? Most of the "facts" that reach the public through the popular press are distorted half-truths, and the scholarly articles are either too deep for general consumption or irrelevant to the man-in-the-street's concern. Sutton has remedied that problem by writing a straightforward and short book that has the relevant facts on oil, gas, coal, and nuclear "reserves," as well as (for the most part) a correct analysis of why, in the midst of plenty, we have an "energy crisis."

The greatest virtue of this book is its readability. One need not be an economist to understand Sutton's discussion. He tells us in plain English (and provides ample data) what our energy supplies are in a physical sense and why, nonetheless, there is a "shortage."

As readers of this magazine are certainly aware, the political process in all of its various manifestations is the primary culprit. Sutton argues at a fairly elementary level that government price controls, leasing policies, offshore drilling restrictions, and subsidies have all resulted in a massive misallocation of resources and, ultimately, in both higher prices and shortages in energy. Sutton attributes the origin and continuation of these policies to economic ignorance, liberalism, big business "collectivists," and governmental bureaucracy. To solve the crisis, of course, we must end the interventionism.

But while I don't object to the fundamental thrust of the book—given its obviously intended audience—I do object to the manner in which Sutton has said some things and, additionally, to things *not* said that ought to have been said. First, in terms of organization, the book looks to be a fairly quick-and-dirty effort; some chapters are very short (the chapter on coal is less than five pages) and the book is padded with totally blank pages and some charts and graphs that could have been put in appendixes.

More importantly, however, there are serious gaps in the analysis, particularly in terms of historical perspective. For example, there is no discussion of oil policy prior to 1957 and of the complicated interrelationship between American foreign (military) policy and petroleum policy. Even current policy is sketchily presented. For instance, there is no discussion whatever of the monstrous "entitlements" program, of the factors that led, inevitably, to its creation, and to the subsidy that it creates to import foreign oil.

Also, there is no discussion of Price-Anderson in Sutton's nuclear discussion. His chapter on nuclear is one-sidedly favorable, hardly a balanced account. To write a book on the energy crisis that points to the political process as the ultimate villain but *not* to mention (much less analyze) the effects of Price-Anderson or the role of the public utility industry generally, would appear inexplicable.

This is a useful book for the interested citizen. Additional care in preparation and argument might have made it an important book, as well.

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music

Under the Gun: A Review of Shostakovich's Autobiography

By John Hospers

The popular impression of Dmitri Shostakovich in the Western world is that he was a talented composer who sold out to the Soviets. Many people in the West do remember the reprimands he received at the hands of Stalin and Khrushchev and the charges that his music was "too German" and "formalistic," not rooted in native Russian folk-tunes. But, so goes the popular impression, Shostakovich always complied: he was a moral coward who sold his soul in order to stay alive.

We get a somewhat different picture from his autobiography, *Testimony,* recently translated and published in English (New York: Harper and Row, 1979). The manuscript was smuggled out of Russia (like Solzhenitsyn's works, it has not been published in the Soviet Union) by his pupil Solomon Volkov, who also wrote the preface and introduction to the English-language edition. Early in 1975, the last time Volkov saw Shostakovich alive, Shostakovich asked, "Where is my manuscript?" "It is in the West," Volkov replied. "Good," Shostakovich said with satisfaction; "You will publish it after my death."

The memoirs are simply written and (so far as one can tell) uncompromisingly honest. The work is not an attempt at self-vindication, certainly not an ego-trip for the author, who (as many incidents in the book, as well as recollections from others, make clear) had no patience with exaggeration, self-aggrandizement, or hypocrisy. The same Shostakovich who refused at considerable risk to himself to praise a composer who was in favor with the regime when he believed the man's work was without merit, also refused to alter the facts on his own behalf. He wanted to leave an accurate record of his life in the Soviet Union and the lives of others whom he knew, particularly fellow artists chafing under the burden of official censorship.

Shostakovich was an extraordinarily prolific composer. His highly acclaimed First Symphony appeared when he was 19, and a profusion of other works followed each year.

His first encounter with political censorship occurred in the mid-1930s with the performance of his opera *Lady Macbeth of Mtensk District* (renamed *Katerina Izmailova* in the revised edition), which is little known in this country but of which the composer apparently thought more highly than of his early symphonies. He did not reckon on Stalin's dislike of Shakespeare tragedies: that Macbeth or Hamlet should kill was apparently all right, but that they should experience *guilt* at having done so was too annoying (it might even show up Stalin by comparison).

The next morning there appeared in *Pravda* an editorial, dictated by Stalin himself, entitled (also by Stalin) "Muddle Instead of Music." It read, in part: "The listener is flabbergasted from the first moment of the opera by an intentionally ungainly, muddled flood of sounds. Snatches of melody, embryos of musical phrases, drown, escape, and drown once more in crashing, gnashing, and screeching. Following this 'music' is difficult, remembering it is impossible." And the editorial concluded with a warning: "This is playing at abstruse things, which could end badly."

Shostakovich, who had no strong po-

litical convictions and wanted only to be left alone to write music, was now in danger of his life. To make matters worse, he was a close friend of Marshal Tukachevsky, one of Stalin's most reliable subordinates and highly placed in the Stalin hierarchy, but whom Stalin came to perceive as a potential rival and had killed. It was customary that when Stalin had someone shot the person's friends and associates were rounded up and shot at the same time. Then appeared a second editorial in *Pravda*, equally ominous, and Shostakovich felt that his days were numbered. His erstwhile friends refused to speak to him; his associates snubbed him and tried to avoid him, fearing for their own lives when a knock at the door at night would take Shostakovich away forever. He spent night after sleepless night waiting for the knock.

But it never came. Apparently Stalin had long since determined not to "terminate" Shostakovich, mainly for one reason: Shostakovich had written the music for numerous Soviet films, an accomplishment in which Stalin thought he had no peer (though nothing that Shostakovich ever did in this genre comes close to Prokofieff's score for Eisenstein's film *Alexander Nevsky*), and Stalin considered film to be the most powerful medium for the dissemination of Soviet ideas and didn't want to lose his ablest man in this department. But Shostakovich was never told any of this during Stalin's lifetime, and Stalin let him dangle on a string, off again and on again, until dying in 1953.

The Seventh "Leningrad" Symphony appeared in 1941 after Hitler's invasion and during the siege of Leningrad. Though somewhat scanty in musical ideas per page, it contained rousing singable melodies that marshaled Russian (not Soviet) patriotism, and it was also an instant success in the West. Even had Stalin disliked it he would not have chosen this time, when help from the West was essential, to take measures against the composer. The Eighth Symphony also appeared during the war, and Stalin specifically requested Shostakovich to write a triumphal Ninth Symphony in 1945, to parallel Beethoven's Ninth with its "Ode to Joy."

Shostakovich did write a Ninth Symphony, but without chorus, without words, hence without praises of the Great Leader; it was bitter, inward-turning, withdrawn, mysterious. Stalin was furious that the composer whose life he had spared had written nothing in his savior's praises. The fact that Shostakovich had just written the music for the pusillanimous film *The Fall of Berlin*, which attributed the Soviet victory solely to Stalin's military genius, did not abate his anger. But he waited till he had gotten what he wanted from the West before unleashing his fury in 1947-49 on Shostakovich and other composers as well, again in *Pravda* (and echoed by numerous flunkies in other papers all over the Soviet Union), for being formalistic, German, and insufficiently Russian. They all feared for their lives, and their music was totally banned from performances in the USSR.

Shostakovich writes: "Stalin hated the Allies and feared them. He couldn't do a thing with the Americans. But almost immediately after the war he dealt cruelly with his citizens who had had relations with the Allies. Stalin transferred all his fear and hatred to them. This was a tragedy for thousands upon thousands. A man received a letter from America and was shot. And the naive former Allies kept sending letters, and every letter was a death sentence."

Yet just when Shostakovich feared most for his life, events took another turn. It was 1948, when the West was still trying to pretend that there was no Gulag—the main thing for which Shostakovich never forgave the West. "Stalin didn't give a damn about the West," he writes, "and the Western intelligentsia in particular. He used to say, 'Don't worry, they'll swallow it.' But... they had started a peace movement, and they needed people for it. And Stalin thought of me. That was his style completely. Stalin liked to put a man face to face with death and then make him dance to his own tune. I was given the order to get ready for a trip to America... to the Cultural and Scientific Congress for World Peace in New York."

Shostakovich wanted no part of this charade, and he refused. Molotov asked him twice, and still he refused. And then Stalin himself phoned him. "And in his nagging way, the leader and teacher asked me why I didn't want to go to America. I answered that I couldn't. My comrades' music wasn't played, and neither was mine. They would ask about it in America. What could I say? Stalin pretended to be surprised: 'What do you mean, it isn't played? Why aren't they playing it?' I told him there was a decree by the censors, that there was a blacklist. Stalin said, 'Who gave the orders?'"

Stalin rescinded the order, and Shostakovich went to New York, where the questions he dreaded were asked of him: "How could you participate in such film projects as *The Fall of Berlin* and *Unforgettable 1919*?" He knew that if he told the truth, or if he had dared breathe a word about the horrors of the Gulag, he would have been liquidated upon his return to Russia; so he would reply by smiling and adding to the list of his "scandalous participations" with works unknown in the West. But Stalin had decided that Shostakovich could write film scores, and, writes Shostakovich, "considering the circumstances, it would have been irrational for me to refuse to do film work."

This decision undoubtedly saved his life. "I couldn't write an apotheosis to Stalin, I simply couldn't. I knew what I was in for when I wrote the Ninth. But I did depict Stalin in music in my next symphony, the Tenth. I wrote it right after Stalin's death, and no one has yet guessed what the symphony is about. It's about Stalin and the Stalin years. The second part, the Scherzo, is a musical portrait of Stalin."

Though I would not have guessed this last point, the Tenth has long been my own favorite among Shostakovich symphonies. Even greater, in my opinion, are his later string quartets. Stalin didn't

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care for chamber music, and few people attended the performances, so Shostakovich was safer here: the string quartets are Shostakovich's most emotionally expressive works, and into them he poured the welter of intense and conflicting feelings that were largely omitted from the more publicized symphonies, operas, and film music.

But his troubles were not over. Shostakovich had always loved Jewish folk music ("Jews were tormented for so long that they learned to hide their despair; They express despair in dance music"). When he read Yevtushenko's moving poem about the mass execution of thousands of Jews at Babi Yar, near Kiev, he chose this poem as the text for his Symphony No. 13 for orchestra, solo, and chorus (1962). Anti-Semitism was a tender subject in the USSR, and the premiere of the 13th Symphony in Moscow turned into an open expression of antigovernment feelings. The symphony was suppressed. (Some years later it could be performed again. I myself bought a recording of it in Moscow several years ago.)

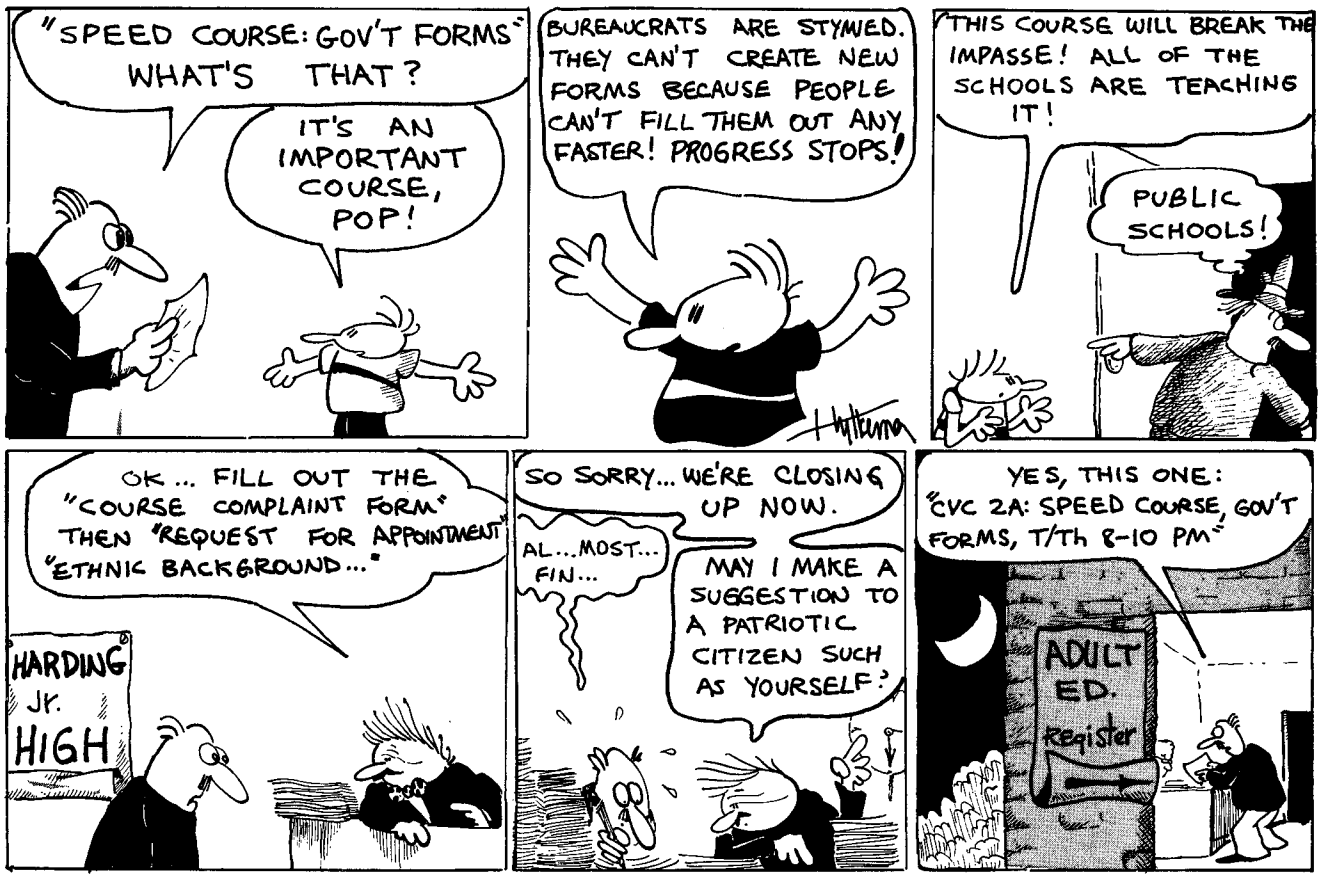
There are many chapters in *Testimony* dealing in detail with musical figures not well known outside the USSR (Glazunov, Gliere, Kallinikov, etc.) which may not interest the general reader but are fascinating to any student of musical history. The main theme of the book is Soviet music under government control. There is not much about political theory or communism nor even about Soviet society in general, but much about dictatorship.

A recurring theme is the author's indignation with Western intellectuals for being so naive about what really went on in the Soviet Union. There are many fascinating examples; here is one: "Stalin liked leading Americans by the nose. He would show them a man—here he is, alive and well—and then kill him.... The Americans don't give a damn about us, they'll believe anything....In 1949, the Jewish poet Itsik Fefer was arrested on Stalin's orders. Paul Robeson was in Moscow and in the midst of all the banquets and balls, he remembered that he had a friend called Itsik. Where's Itsik? 'You'll have your Itsik,' Stalin decided, and pulled his usual base trick. Itsik Fefer invited Paul Robeson to dine with him in Moscow's most chic restaurant. Robeson arrived and was led to a private chamber in the restaurant, where the table was set with drinks. Fefer was really sitting at the table, with several unknown men. Fefer was thin and pale and said little. But Robeson ate and drank well and saw his old friend. After their friendly dinner, the men Robeson didn't know returned Fefer to prison, where he soon died. Robeson went back to America, where he told everyone that the rumors about Fefer's arrest and death were nonsense and slander: he had been drinking with Fefer personally." There are similar incidents about Andre Malraux, Lion Feuchtwanger, Romain Rolland, and George Bernard Shaw. Shostakovich's contempt for their gullibility was total, as also for the Hollywood film *Mission to Moscow*.

There are those who say that Shostakovich should have refused to write music at all under the Soviet regime, that he should have chosen instead to be shot. Was it expediency, or a moral choice to live and fight another day? Fight he did, standing up to the oppressive regime repeatedly with breath-taking bluntness, yet continuing to write the film music that kept him off the chopping-block. But the struggle embittered him, and

rudebarbs

by Randall K. Hylkema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when he died in 1975 of a chronic heart condition, death came almost as a relief. The endless struggle against the inhuman Soviet system, the envious rivals who wanted him out of the way, and the despot who could have dispatched him at the slightest whim, as he puts it, "colored my whole life gray."

John Hospers is REASON's movie columnist, a connoisseur of good music, and a follower of Russian history and literature.

letters

(*Continued from p. 15.*)

tending it to be "constitutional."

I won't go on in detail. Someone needs to put together a vast file on the matter, and then begin to attack the present and past members of the Court on a constitution of limited powers, to destroy their sanctuaries, to flush them out into the open as the most destructive group of people in the nation's history....

Thus in the Franzen article, the Court has held that "erroneous statement of fact is not worthy of constitutional protection." This is false. Anyone has the right to free speech, except, probably, for treason, and even then it has to be proven in court. Only those who are damaged should be able to sue without federal help, since the rest of us have to pay for it 40 times over. The only real reason for the FTC's concern is to build a costly empire....

Lies have tremendous educational benefit that government cannot provide. They teach victims and observers not to believe everything they read or hear, a condition which cannot be developed when the policeman—the government—perjures, robs, and cheats, which is all of the time.

Thomas S. Booz
Plantation, CA

SALT Accord

I wish to commend you on an excellent editorial on Salt and Defense [Feb.]. I disagree with James Fallows's article, where he mentions the need for "perfect timing" and "precise coordination" to obtain a first strike. Given the jelly fish running the United States, the chance for an instant response to launch our ICBMs during the first 30 minutes of an attack is zero. The USSR easily could retarget missed silos in a follow-up series during the first hour of an attack. Our only

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rational response at this time is to develop an ABM system.

John Kundrat
Lewiston, ID

Disconnections

I enjoyed James Burke's television series immensely, but I have been disturbed by the review by Bruce Bell [Feb.], as well as the discussions I have had with associates. Everyone else seems to have taken Burke's work as a decidedly antitechnology tome. I am unaware of Burke's biases, but his wry, "British" style of satire at some points had me rolling in the aisles from the hilarity of his presentation, though not his basic premise.

Contrary to opinions, Burke did not knock the fact that money was the driving force behind many of the inventions. I got the impression that he was making no moral judgments at all. It is the British wit's biting use of irony in his satire, which so easily lets shallow thinkers see him as Devil's advocate, if not the Devil, himself.

The approach of taking products of thought from a beginning to a reasonable conclusion is a novel one in my experience. Our State-sponsored schools seem so bent on teaching us the history of governments, rather than that of people, that Burke's work was a pleasant change for me. We all had a unit on England, a unit on France, and so on, but no one ever gave us an indication that there were bands of universal or stateless people who had significant international intercourse. Imagine, Joseph Priestly actually corresponded with Volta! That is the first time I knew that. I did know that JP was English and that Volta was Italian, but that was about all, until *Connections* came along.

I do not think that the facts that Burke reported were wrong. Perhaps he ignored men and their ideas to some degree. The emphasis on the things was the approach that made *Connections* so unique. Perhaps there are other links or connections that are stronger or present a more direct or coherent path toward a technological breakthrough than "Chicken Marengo to vacuum bottles (huh?) to the moon landing." Burke's choices were designed to be entertaining. They entertained me....

No offense to Einstein and the rest of the Manhattan Project, but I fail to see conclusive evidence that we could not have had the bomb without a theoretical prediction of its existence. In this case, man merely lacked the physical phenomena to observe before the theory was developed. Many people were using gunpowder before they understood chemical reactions. The things needed to even differentiate U-235 or U-238 depended on *things* invented in the past, not on the conscious desire of any man or group of men. We are building on the things from the past. It is said that one of the concepts that made Edison such a giant was his ability to see new uses for the things invented by others. Some authors have said that Edison was as familiar with the patents of others as he was of his own....

My final comment concerns Bell's denigration of Burke's classic line, "not only was it costing lives, but it was costing *money*." As a consulting safety engineer, I see time after time, in motivating managers, entrepreneurs, and other clients, that consideration of money and the bottom line really works. The fact is that a well-meaning accident prevention specialist cannot get serious attention until the accidents and injuries affect profitability. This is not to put down the profit motive in any way. I don't think that Burke meant that either. Such is reality, warts and all.

Jay W. Preston
Los Angeles, CA

Mr. Bell replies: I share Preston's enjoyment of British wit, but I failed to find it in Burke's comments on the profit motive. But, however he meant them to be taken, they were *gratuitous* since they were not related to his avowed objectives.

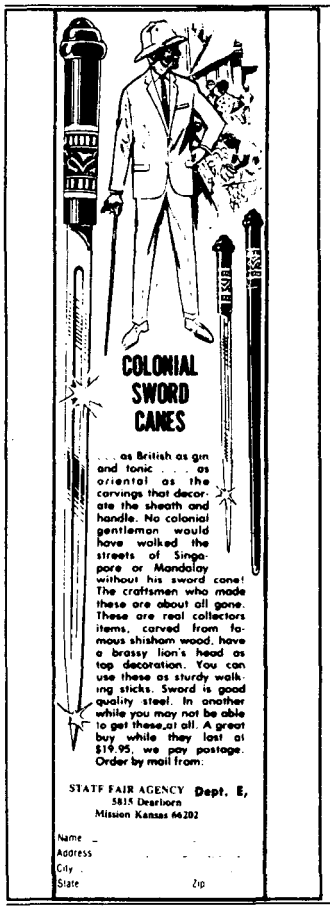
Neither do I want to dispute Burke's general search for "connections" from the past, although I do not find anything "unique" here. As I said in an unpublished part of my shortened review, Burke's "'alternative view of change' stresses that famous scientists and inventors 'borrowed' from their less famous predecessors, and that, while technological change is not totally directionless, neither does it occur in straight lines. But there is nothing new here, since these points have been adequately stressed by historians and philosophers of science since the 19th century (compare Einstein: "If I have seen further than other men, it is because I have stood on the shoulders of giants," and Thomas Kuhn's *The Structure of Scientific Revolutions*)."

I do, however, think that Burke's emphasis is misplaced on things rather than ideas and that, contrary to Preston, we *did* have the "physical phenomena to observe." The most obvious is the sun and its conversion of matter into energy. And yet the world waited until Einstein could put two and two together, and still it took most scientists 10 years to believe him, educated as they were in Newtonian *theory*.

All in all, I think there are much more illuminating and entertaining views of science and change to be found elsewhere, including Bronowski's *Ascent of Man* and the excellent *Nova* series.

Wilde Disagreements

Wendy Grosscup's essay on Oscar Wilde [Jan.] would have been better had her eagerness to criticize Wilde's view of private property not so often outrun her understanding of that view. Such comments as "naive and very superficial" are appropriate as summaries; to present them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as arguments against a view is to suggest inability actually to show what is unsound about that view, an inability whose existence is confirmed by Grosscup's failure to recognize the sound thinking underlying Wilde's position.

I am myself perfectly willing to recognize the advantages of a social system founded on private property. Such a system, however encourages a type of psychological deformity to which Wilde, in his "naiveté" (remember the Emperor's New Clothes), was more sensitive than is Grosscup. This is the condition to which Marx referred as "the cash nexus": the inability to see value in anything, whether a human relationship, a natural object, an idea, or a work of art or other man-made object, except insofar as it can be traded for money. This kind of preoccupation can indeed become what Stirner would have called "possessedness," and possessed people, beyond being humanly unattractive and unfortunate, are seldom respectful of others' liberties. The 19th century exemplifies this, as a time when unparalleled economic liberty was juxtaposed to moralistic tyranny over personal conduct. Certainly the liberty to own, produce, and exchange implies the liberty to indulge in a monomania for accumulation; but to criticize such a monomania, and to seek institutions which would reduce its prevalence, and to advocate that people should voluntarily accept such institutions, in no way deprives anyone of liberty. This is where Wilde's proposed voluntary State differs from government: it would have no coercive powers at all, and its members would be recruited entirely voluntarily. I am amazed that Grosscup cannot grasp how such an institution differs from government....

Certainly, no one should be forced into ways of life to which private property is unimportant. Private property, however, is advantageous primarily for the exchange relationship. The gift relationship is the valid and vital core of socialism, as the exchange relationship is of capitalism (and even though both are often perverted into coercion). Wilde's point is that human beings need, sometimes, to give and to trust that other human beings will have the good will also to give, rather than demanding that repayment be nailed down in advance. Such relationships work best in small communities, where everyone personally knows everyone else; but remember that human beings as a species evolved living in such communities, and it is reasonable to believe that our emotional natures still require such involvement to be fulfilled.

William H. Stoddard
Chula Vista, CA

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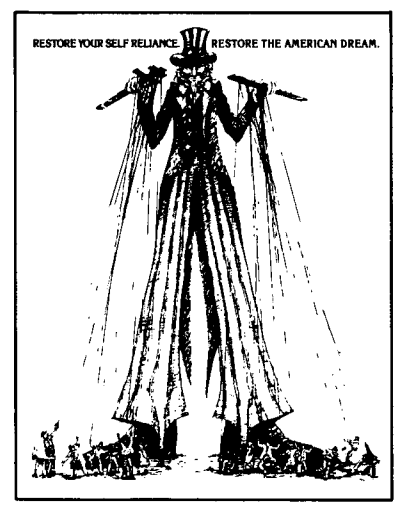

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THE CLASSIFIED AD DEADLINE FOR THE JUNE ISSUE IS APRIL 1st.

FUTURE OF FREEDOM CONFERENCE II

A Tradition Since 1969

APRIL 19 to 20, 1980 [Sat. and Sun.]

CYPRESS COLLEGE [Theater Arts]

[IN ORANGE COUNTY, A SHORT DISTANCE FROM LOS ANGELES, CA]

TIME: Each day 9:30 am. to 6:00 pm.

SPEAKERS: Karl Hess, Robert Anton Wilson, John Matonis, Arthur B. Laffer, John Pugsley, John Hospers, Neil Schulman, Carl Nicolai, Anthony Hargis, Shawn Steel.

DEBATORS: Lowell Ponte vs. a Marxist, George Smith vs. a Conservative and Samuel Konkin vs. a Libertarian Party leader [Manuel Klausner].

Karl Hess is a former speech writer for Sen. Barry Goldwater [1964] and author of "Dear America;" Robert Anton Wilson is author of "The Illuminatus;" Arthur Laffer is famous for his "Laffer Curve" concept; John Matonis is a well-known, controversial lawyer from Washington D.C. who advocates tax-striking; John Pugsley is author of "Common Sense Economics;" Neil Schulman is author of the recently released novel "Alongside Night;" Anthony Hargis has authored three books and is the originator of "stateless firms;" Lowell Ponte is an author and KPFK-radio commentator; George Smith is author of "The Case Against God;" Samuel Konkin is editor of "New Libertarian;" Robert LeFevre is the founder of Rampart College and has authored several books.

FILMS: Libra, Inflation File, For A New Liberty and The Incredible Bread Machine.

Also, "A Tribute to Robert LeFevre" Banquet on APRIL 19 [Sat. evening]

Holiday Inn [7000 Beach Blvd., Buena Park, short distance from Los Angeles]
No-Host bar 6:30 pm., Dinner 7:15 pm., Ceremony 8:15 pm.

Tickets:

Both days [NOT Banquet]

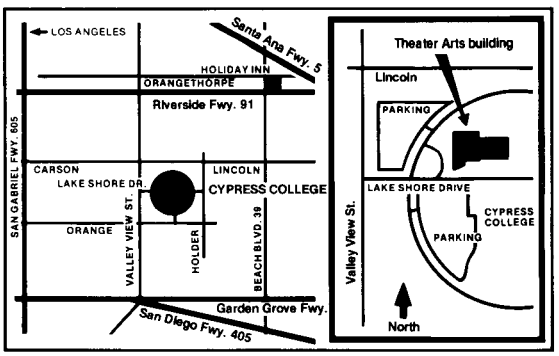
	before April 12	at the door
Students	$10	$15
Non-Students	$20	$25

ONE DAY TICKET

	before April 12	at the door
Students	$7.50	$10
Non-Students	$15	$20

LeFevre Banquet tickets are $12 each. Reservations must be made before 12 noon April 17 [Thursday]. All tickets will be held at the door.

MAP



Some student scholarships available. Literature tables are $30 (before April 12) and $40 at the door. Airport entry--either L.A. or Orange County Airport. Near-by hotels include Buena Park Convention Center Hotel (7675 Crescent Ave., Buena Park, toll free number (800) 421-2048, and the Holiday Inn (7000 Beach Blvd., Buena Park), toll free number (800) 238-8000. **Reservations for LeFevre's Banquet must be made before 12 noon, April 17 [Thursday]. Res. for conference or banquet--[714] 535-5798 or [714] 962-6491. Tickets will be held at the door.**

Make checks payable to Future of Freedom Conference. Tickets are tax-deductible if made to Society for Libertarian Life [a tax-deductible group from Cal State Univ., Fullerton]. SPONSORS: Cypress College Libertarian Club, Society for Libertarian Life [SLL], California Libertarian Alliance [CLA] and the Libertarian Supper Club of Orange County. WRITE TO: FUTURE OF FREEDOM CONFERENCE, P.O. Box 4, Fullerton, California 92632. Also sponsored by Society for Individual Liberty.

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